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Manmohan Singh
Architect of India's economic reform
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World economy
Japan holds the key to recovery
Survey, Section III

TOMORROW'S **Weekend FT**
German nobles go under the hammer

World Business Newspaper | FRIDAY OCTOBER 6 1995 | D8523A

German slowdown fears fuelled by unemployment rise

Fears of a slowdown in the German economy, especially in the east, were heightened by a gloomy report showing a sharp rise in unemployment in September. The Federal Labour Office said that unemployment rose a seasonally adjusted 48,000. In western Germany, unemployment increased by 14,000 and in tha east by 34,000, the office reported. Page 14

Daiwa losses may hit banks: The huge losses revealed last week by Daiwa Bank could adversely affect international confidence in Japan's fragile banking system, a senior Japanese official acknowledged. Page 7; **Debacle exacts high price, Page 14**

Axa, one of France's largest insurers, yesterday played down suggestions of a conflict with Generali, the Italian insurance group that is one of its largest shareholders, and offered the prospect of closer co-operation. Page 15; **Lex, Page 14; Background, Page 16**

Mexico seeks to calm markets: The Mexican government sought to bury a perceived policy split among economic policymakers that has unsettled financial markets. Page 6

Irish poet wins Nobel literature prize:

Irish poet and essayist Seamus Heaney, left, won the 1995 Nobel Literature Prize "for works of lyrical beauty and ethical depth," the Swedish Academy of Letters said. The academy said Heaney, born in Northern Ireland but living in Dublin, was awarded the $1m (£600,000) prize for works "which exalt everyday miracles and the living past". **Poet of earth and spirit, Page 11**

Opal damage costs at $1.8bn: Insured losses from Hurricane Opal are estimated at $1.8bn in Florida alone, enough to make it the third costliest hurricane in US history behind Hurricane Andrew and Hurricane Hugo. Page 6

Skoda, the Czech car manufacturer majority-owned by Volkswagen of Germany, is in advanced negotiations to begin assembling vehicles in Russia. Page 5

Allianz attacks single market "myth": The chairman of Allianz, Germany's biggest insurance company, criticised the single European market for insurance as "a myth", adding that it would not become a reality until the EU agreed on harmonisation of legal and social security systems. Page 16

Nissan, Japan's second largest carmaker, is to close an engine plant at its Kyushu complex in southern Japan, a move that underlines the growing problems of the Japanese car sector. Page 17

Lloyd's of London said its finances were stronger than expected and that delays in its radical recovery proposals would not stop the insurance market seeking members' approval for the plan next month. Page 8

Algerian car bomb kills nine: A car bomb exploded in a hotel parking lot in eastern Algeria, killing nine people and wounding 19.

Malaysian towers 'not leaning': The developer of a pair of super towers in Malaysia denied rumours that the 88-storey office blocks, expected to be the world's tallest when completed next year, were tilting.

Tremors spark Japan quake alert: Authorities in Japan's Izu peninsula, about 100km (60 miles) south-east of Tokyo, went on alert for possible earthquakes and volcanic eruptions after minor tremors on Wednesday.

Tamils split after 300 killed: Sri Lanka said more than 300 Tamil Tiger guerrillas had been killed in an offensive by armed forces in the north and fighting within the rebel ranks was increasing.

Macedonia votes to change flag: The Macedonian parliament voted to change its controversial national flag, clearing a major obstacle in its dispute with Greece. The new flag, right, with rays reminiscent of the Japanese rising-sun design, removes the 16-pointed golden star claimed by Greece. **Murder bid unites Macedonians, Page 3**

■ STOCK MARKET INDICES		
New York lunchtime		
Dow Jones Ind Av	4,739.95	(-0.72)
NASDAQ Composite	1,008.68	(+4.41)
Europe and Far East		
CAC40	1,800.32	(-3.55)
DAX	2,208.82	(-8.94)
FT-SE 100	3,544.4	(+0.3)
Nikkei	18,229.41	(+75.33)

■ US LUNCHTIME RATES	
Federal Funds	5¾%
3-mth Treas Bills: Yld	5.430%
Long Bond	106¾
Yield	6.411%

■ OTHER RATES		
UK: 3-mo Interbank	6⅝	(6¾%)
UK: 10 yr Gilt	n/a	(103¾)
France: 10 yr OAT	n/a	(101.96)
Germany: 10 yr Bond	n/a	(102.22)
Japan: 10 yr JGB	n/a	(114.970)

■ NORTH SEA OIL (Argus)		
Brent 15-day (Nov)	$15.68½	(16.02)

■ GOLD		
New York Comex		
Dec	$385.1	(385.6)
London		
close	$383.2	(382.95)

■ DOLLAR		
New York lunchtime:		
£	1.5845	
DM	1.4223	
FFr	4.9381	
SFr	1.143	
Y	99.70	
London:		
£	1.5825	(1.5817)
DM	1.4301	(1.4363)
FFr	4.9393	(4.9618)
SFr	1.1462	(1.1548)
Y	100.465	(101.05)

■ STERLING		
DM	2.2631	(2.2717)
Tokyo close	Y 100.44	

Austria	Sch35	Greece	Dr400	Malta	Lm0.60	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$20	Morocco	MDh15	S.Arabia	SR11
Belgium	BFr70	Hungary	Ft215	Neth	Fl 4.25	Singapore	S$4.30
Bulgaria	Lev110.00	Iceland	IKr200	Nigeria	[illegible]	Slovak Rp	Sk60
Cyprus	C£1.10	India	Rs75	Norway	NKr18.00	S. Africa	R12.00
Czech Rp	Kc55	Israel	Shk7.50	Oman	OR1.50	Spain	Pta250
Denmark	DKr17	Italy	L3000	Pakistan	Rs40	Sweden	SKr17
Egypt	E£5.00	Japan	Y500	Philippines	Peso50	Switz	SFr3.60
Estonia	Ekr20	Jordan	JD1.50	Poland	Zl 4.20	Syria	S£50.00
Finland	FM15	Kuwait	Fils625	Portugal	Esc350	Tunisia	Din1.500
France	FFr11.00	Lebanon	US$1.50	Romania	[illegible]	Turkey	L60,000
Germany	DM3.80	Lux	LFr70			UAE	Dh12.00

Drugs groups fear sales losses

France and Germany in late plea to prevent low-priced exports from Spain and Portugal

By Motoko Rich in London, David White in Madrid and Judy Dempsey in Berlin

Multinational drugs groups in Europe expect to lose up to $2bn a year in sales when low-priced Spanish and Portuguese medicines can be legally exported to other EU countries from tomorrow.

The French and German governments yesterday made last-minute pleas to the European Commission to prevent the exports of drugs made in Spain and Portugal or previously imported by the two countries. The commission was expected to reject their appeals though by lata last night it had not announced a decision.

The German pharmaceuticals association believes its domestic industry could lose up to DM2bn ($1.3bn) a year in sales if wholesalers buy their drugs from Spain and Portugal, where drugs are sold cheaply, and then import them into high-priced markets such as Germany and the Netherlands. The British industry estimates annual losses could reach £100m ($158m). Manufacturers based in France and the Netherlands would also suffer losses.

The immediate benefit would be mainly to the wholesalers, distributors and pharmacies, which could pocket the price difference between the markets – sometimes as much as 50 per cent. The gains would not in the first instance be passed on to consumers since most drug prices are set by governments and often purchased with the help of public funds. However, eventually, taxpayers and consumers would also benefit if governments in high-priced countries cut retail prices.

Before Spain and Portugal entered the EU, their drugs were banned from EU markets because neither country offered patent protection for pharmaceuticals. When they entered in 1985, restrictions remained. In 1992 both countries passed tougher patent laws, but the commission decided to keep the bans in place for a further three years, to give drugs companies elsewhere time to adjust. That ban expires tomorrow - unless the commission grants a further extension or imposes other controls.

Drugs companies complain that governments with little indigenous industry such as Spain, Portugal and Greece set low medicine prices in order to lower national drugs bills, whereas countries with a drugs industry set higher prices to cover research and development costs.

Since prices are set in local currencies, the steady devaluation of the Spanish peseta and Portuguese escudo have magnified price differences. For example, the wholesale price of Zantac, UK-based Glaxo Wellcome's top-selling drug, is 45 per cent higher in Germany than Spain.

The Association of the British Pharmaceutical Industry claimed: "The impact of parallel imports from Spain could seriously damage the UK research-based pharmaceutical industry's search for new medicines while providing little or no benefit to the NHS and its patients." The German government wants the ban lengthened for seven years while the French authorities are lobbying for a two-year extension. "We hope this pressure will

Continued on Page 14
Lex, Page 14

Oracle set to bring interactive video to Internet

By Louise Kehoe in San Francisco

Interactive, real-time video on the Internet will be launched next year using new software under development by Oracle Systems, the US database software company.

Called WebTV, the new system will "video-enable the Internet", said Mr Larry Ellison, Oracle's chairman and chief executive, speaking at an industry event in Geneva yesterday.

Currently, the reception of video signals from the Internet is a cumbersome and time-consuming process. Before viewing a video, users must download signals to their computers, which can take hours, making it impractical for most purposes.

The Oracle system will enable Internet users to view a video directly, selecting parts of the presentation or stopping and starting it at will.

Aimed initially at business users with access to high-speed telecommunications networks, the most important applications of WebTV will be in training and education videos as well as electronic commerce, Mr Ellison predicted.

Businesses might, for example, provide instructional videos on the Internet demonstrating how to use their products, he said.

Consumer access to WebTV is dependent upon the development of high-speed public networks. Where these are available, however, WebTV could be used to provide interactive shopping services, for example.

Unlike "interactive television", in which television sets are linked to a central computer site, WebTV could link users to computers at numerous sites. WebTV users could choose different sites, in the same way that Internet users today can access the World Wide Web pages of thousands of companies.

The new technology draws on Oracle's video database software for interactive television and combines it with Internet software.

Mr Ellison sees interactive video being used for "news-on-demand" and continually updated financial news services.

UN plans troop withdrawal ■ Conflict rivals to attend US peace talks this month

Clinton announces Bosnia ceasefire agreement

By Bruce Clark in Washington and Harriet Martin in Sarajevo

US President Bill Clinton announced yesterday that the Bosnian government and the Serbs had agreed a ceasefire and would attend US-sponsored peace talks later this month.

The announcement marked a fresh success for the US drive to end the conflict in Bosnia through diplomacy and force. Mr Clinton's eagerness to announce the ceasefire, due to take effect on October 10, indicates he is confident this ceasefire, unlike previous ones, will hold.

The deal, which depends on the Serbs restoring gas and electricity to Sarajevo, the Bosnian capital, came despite signs this week that the shuttle diplomacy of Mr Richard Holbrooke, US peace envoy, had failed to bring the warring parties together for peace talks.

"We must be clear-eyed about it. What matters is what the parties do, not simply what they say," Mr Clinton said. "We are now on the right road, but we have by no means reached our destination."

After the president's announcement, the United Nations said it would withdraw about a third of its 30,500 peacekeepers in Bosnia. About 3,000 British troops, based in neighbouring Croatia, will be among those withdrawn this month. Troops from other countries including Canada, the Netherlands and Spain will also be sent home.

Under the ceasefire deal, the warring parties will end all hostile military actions. Bosnia, Croatia and Serbia have also agreed to attend peace talks in the US later this month.

US officials said regional leaders would be invited to a "secluded location outside Washington" where mediators could help them thrash out details of a final settlement.

Mr Holbrooke flew to Sarajevo and then the Croatian capital, Zagreb, yesterday after a tough negotiating session with the

Continued on Page 14

President Bill Clinton said "we are now on the right road" as he announced the Bosnians and Serbs had agreed a ceasefire Picture: Reuter

Turkey and Russia to split Caspian Sea oilfield routes

By Edward Mortimer in London

Oil from Caspian Sea fields will be split between Russian and Turkish-sponsored routes. The decision, taken in London this week by a consortium of 12 international companies, was hailed as a victory for the Turkish government.

Tha year-long argument over the route has developed into a highly politicised contest between Russia and the US.

At stake is Russia's bid to reassert control of former Soviet republics in the Caucasus and central Asia on one side, and the US attempt to use Turkish influence to bring those countries closer to the west, on the other.

The decision by members of the Azerbaijan International Operating Company (AIOC) will enable Turkey to reactivate a tanker terminal at Ceyhan on the Mediterranean, which has stood idle since an Iraqi pipeline was shut down in 1990.

It also avoids increasing oil traffic through the Bosporus, which Turkey considers a serious ecological hazard.

Roughly half the 5m tonnes of oil a year from the Chiraq field – the first big western development in the Caspian – will go through a Russian pipeline. The other half will be piped to the Georgian port of Supsa, then to northern Turkish ports and on by rail to markets in central Anatolia.

Turkey has said it will buy all the early oil for its own needs, but the route will later be used for exports through Ceyhan. Turkish officials say the decision was accepted by representatives of Lukoil, the Russian member of the consortium, but they are uncertain about the reaction in the Russian government.

The decision has still to be ratified on Monday by the AIOC steering committee in Baku, capital of Azerbaijan, under whose offshore waters the Chiraq oilfield lies. Azerbaijan's national oil company, Socar, is a member of the consortium, which is led by British Petroleum and Amoco of the US.

President Heydar Aliyev of Azerbaijan, a former Soviet Politburo member and head of the Azeri KGB, has been under heavy pressure to favour the Russian route. Russia closed its border with Azerbaijan earlier this year, ostensibly to stop weapons being smuggled to Chechen guerrillas.

But Turks say Mr Aliyev has now been swayed by US arguments that the Turkish route will strengthen Azerbaijan's links with the west and make it less vulnerable to Russian pressure.

BP, backed by the UK government, had been resisting US pressure, apparently considering that Russia held an effective veto on oil exports from the region and should therefore be placated. But both US and Turkish diplomats have worked hard to persuade Britain that it too has a national interest in securing diversified and independent partners in the region. Mr Malcolm Rifkind, UK foreign secretary, was heavily lobbied with this argument on a recent visit to Ankara.

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COMPANIES & MARKETS

Friday October 6 1995

IN BRIEF

EU single market in insurance 'a myth'

The chairman of Allianz, Germany's biggest insurance company, criticised the single European market for insurance as "a myth", adding that it would not become a reality until the EU agrees on harmonisation of legal and social security systems. Page 16

Banks to market share options in Germany
J. P. Morgan and Dresdner Bank, the US and German banks, have announced a partnership in Germany to market a sophisticated employee share ownership programme. The venture's first client is Continental, the Germany tyre maker, which wishes to extend worker ownership from 0.5 per cent to 5 per cent. Page 16

United Airlines reassures Lufthansa
United Airlines of the US has assured Germany's Lufthansa that their alliance will continue, in spite of United's talks with USAir, in which British Airways has a 24.6 per cent stake. Page 16

Nissan to close engine plant
Nissan, Japan's second largest carmaker, is to close an engine plant at its Kyushu complex in southern Japan, a move that underlines the growing problems of the Japanese car sector. Page 17

Bonus for property group shareholders
Sun Hung Kai Properties, one of Hong Kong's leading developers, followed fellow developer Henderson Land in awarding a special cash bonus to shareholders after announcing a 17.5 per cent increase in net profits in the year to June 30, to HK$10.35bn (US$1.3bn). Page 17

Malaysian carrier aims for top of the world
Mr Tajudin Ramli, chairman of Malaysia Airlines, has big ambitions. The aim, says Mr Tajudin, is to become "the largest, most successful and most respected airline in the world". Page 17

Paper merger turns spotlight on Mexico
The proposed merger between Kimberly-Clark and Scott Paper, the US consumer paper groups, has raised expectations of a parallel merger between their affiliates south of the border. Such a move would create the seventh largest company in Mexico. Page 18

Amstrad ends three years of losses
Amstrad, the restructured UK consumer electronics and telephone equipment group, reported a £3.06m ($4.7m) full-year pre-tax profit after three years of losses. Page 20

UK engineers forge ahead at interim stage
The engineering sector, one of the most cyclical in UK manufacturing, has emerged from the interim results season boasting robust profits and solid earnings growth. Page 20

India lifts ban on carry-forward trading
India's securities and exchange board said that it would allow a revised system of carry-forward trade, lifting a ban it had imposed nearly two years ago. Back Page

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Aachen Mch Rg	990	+	20
Berliner Kraft	390	+	20.1
Falls			
Aska	870	-	35
Hochtief	700	-	15
Kali & Salz	180	-	20
SAP AG	232.2	-	6.8
NEW YORK ($)			
Rises			
Amer Online	41⅞	+	1⅝
Intel	59⅜	+	6
Falls			
AmStylor	14¾	-	1⅝
Kmart	12¾	-	¾
LSI Logic	48	-	¾
Microsoft	85⅝	-	4
LONDON (Pence)			
Rises			
Boddington	358	+	86
Cathay Cascade	132	+	17
Meggitt	81	+	6¼
Falls			
BSkyB	388½	-	11
Magnum Power	140½	-	13½
Transport Dev	194½	-	11
TORONTO (C$)			
Rises			
Formation Cap	10	+	¼
Goldcorp	7⅜	+	¼
Spectrum Sig	12⅝	+	¾
Falls			
Hemlo Gold	4⅝	-	⅜
PC Docs Grp	16⅝	-	2⅝
Tee Comm Elec	17⅝	-	⅜
PARIS (FFr)			
Rises			
Radiotechn	261.4	+	11.4
Falls			
Accor	577	-	16
Alcatel	437.4	-	17.5
Bouygues	542	-	14
CSF	535	-	19
Seb SA	801	-	27
TOKYO (Yen)			
Rises			
JEOL	755	+	35
Mitsumi Elec	2400	+	130
Nippon Signal	812	+	35
Falls			
Dowa F & M	495	-	15
Hino Motors	787	-	17
Uniden	470	-	13
HONG KONG (HK$)			
Rises			
Chi Cheung	2.6	+	0.20
SAS Dragon Wk	1.2	+	0.17
Whimsy	1.65	+	0.21
Falls			
Easyknit Intl	2.725	-	0.25
Vietronix	14.8	-	0.85
Wacon Intl	0.69	-	0.16
BANGKOK (Baht)			
Rises			
KR Precision	168.0	+	15.0
Poonphol Fin	81.5	+	5.0
Siam Makro	94.5	+	4.0
Falls			
Bangkok Union	81.5	-	8.5
Goodyear	228.0	-	25
Thai Danmark	41.75	-	4.25

New York and Toronto prices at 12.30pm.

Axa plays down Generali conflict

By Andrew Jack in Paris

Axa, one of France's largest insurers, yesterday played down suggestions of a conflict with Generali, the Italian insurance group that is one of its largest shareholders, and offered the prospect of closer co-operation.

Mr Claude Bébéar, Axa's chairman, said Generali had always been involved in discussions of the group's decisions, and had approved everything it had done.

His comments follow remarks made in Italy last week by Mr Antoine Bernheim, the new chairman of Generali, suggesting the group was dissatisfied with its role in the management of Axa, in which it indirectly holds a 16 per cent stake.

Mr Bernheim suggested Generali would retain its investment in Axa if the two groups could develop closer synergies but if not, "we won't stay". He praised Mr Bébéar but suggested that his abortive decision to acquire Farmers, the US insurer, would have been costly for Axa.

However, Mr Bébéar said Mr Bernheim's comments had been misunderstood. He stressed that Generali had three representatives on Axa's board. "We have always worked in agreement, and they have voted positively on the board. There is no threat."

He added Axa had always been willing to hold discussions with Generali about co-operation, but it had difficulties in finding "people who wanted to collaborate".

He said he was pleased if that had changed, and said he was willing to consider the idea of joint ventures in Asia.

Generali holds 40 per cent of Midi Participations, which in turn owns 42.5 per cent of Axa, the quoted company. Axa in turn owns a 40 per cent stake in GME, which is indirectly the holding company of Generali.

Mr Bébéar stressed relations were very friendly between him and Mr Bernheim, a Frenchman who is also a general partner with Lazard Frères, the Paris-based financial group. He said it was possible that the link between Axa and Generali would come to an end, but certainly not within the next few months.

Mr Bébéar reiterated that it was possible that the 60 per cent voting control of Axa held by a network of mutual companies would be reduced below 50 per cent.

Axa yesterday unveiled net income up 25 per cent, to FFr1.3bn ($262m), in the first half of the year, which Mr Bébéar said was "satisfactory compared with the other French insurers". He stressed the group had the advantage of being more international than its competitors.

Turnover rose 1.3 per cent to FFr73.2bn, after a strong negative impact from currency fluctuations, notably against the US, UK, Canada and Italy. For the first time, its stakes in Paribas, the French financial group, and Scor, the French reinsurer, were deconsolidated.

Background, Page 16; Lex, Page 14

RPR buys 17% of Fisons and raises offer

By Daniel Green and Motoko Rich in London and John Ridding in Paris

Rhône-Poulenc Rorer, the US drugs company, yesterday bought 16.6 per cent of UK rival Fisons after raising its hostile cash bid from 240p-a-share to 265p. Fisons quickly rejected the bid saying the "offer continues to undervalue Fisons".

SBC Warburg, the investment bank advising Fisons, separately called for Stock Exchange investigations into official notification early in the day of trades in about 8 per cent of Fisons stock which apparently never took place.

The over-reporting was only corrected at the close of trade. Fisons' advisers expressed concern that the apparent flurry of trading might have swayed investors towards selling.

RPR's new offer values Fisons at £1.83bn ($2.83bn), an increase in value of £173m over its previous bid. Fisons' shares rose 4½p to 263½p, suggesting that the market was not expecting a higher offer.

Mr Robert Cawthorn, RPR chairman, described the new offer as "handsome". Fisons responded that the "raid on the market had failed".

After the market closed, RPR said it had bought 114.7m shares, or 16.6 per cent, of Fisons.

Under the takeover code, RPR has to acquire at least 30 per cent of the company by the close of trading today to be able to continue buying shares in the market.

The final closing date of the offer is October 20 and most of the larger institutional shareholders in Fisons yesterday said they would hold their fire until next week, when many will meet both Fisons and RPR.

One shareholder said yesterday's offer was at the "bottom range of what is acceptable". Another said it was definitely "not a knock-out blow".

At least one institutional shareholder, London and Manchester, was understood to have sold its holding yesterday.

Shares in Rhône-Poulenc rose slightly by FFr0.7 to FFr98.2, after a fall of more than 2 per cent on Wednesday.

They remain well below their level of FFr114 before the bid and the FFr135 at which Rhône-Poulenc was privatised by the French government in November 1993.

Lex, Page 14

Top pop executives to join Spielberg

By Christopher Parkes in Los Angeles

A star trio of pop industry executives, led by 68-year-old Mr Mo Ostin, was due to sign up yesterday with DreamWorks SKG, the embryonic entertainment conglomerate founded a year ago by film's Mr Steven Spielberg, music's Mr David Geffen, and finance's Mr Jeffrey Katzenberg.

The deal, which is likely to bolster the influence of the MCA group in the popular music market, ends months of speculation and leaves a gaggle of disappointed corporate suitors searching for class acts to run their record companies.

Mr Ostin, who left Warner Bros Records last year after more than 30 years, will join DreamWorks with 53-year-old Mr Lenny Waronker, the one-time record producer he hired in 1966 – the same year he signed the Grateful Dead.

The trio is completed by Mr Ostin's son, Michael, 40, who resigned his senior vice-presidency at Warner Records less than a week ago. It is understood all three will become stake-holding partners in the fledgling SKG music division and the DreamWorks group as a whole.

They will develop two labels: SKG, which will concentrate on rock and pop; and DreamWorks, which will record soundtrack material. Both will be marketed by Geffen Records, the company Mr Geffen founded, sold to MCA, *and left last year to join Dream*-Works. International distribution will be handled by MCA.

SKG's debut disc will be a Christmas single, "Jesus to a Child" by George Michael, the British singer who has not released a record in more than five years as a result of a recently-ended dispute with Sony.

Mr Ostin's debut signing may be Janet Jackson, free after a three-album $40m (deal with Virgin, who is being pursued by most of the leading music companies. Ms Jackson, who said *last month* she was "out there kicking all the tyres, checking out the landscape" is likely to demand record terms.

Mr Geffen, who started his career as manager to Joni Mitchell and Jackson Browne in the same year as Mr Ostin signed the Grateful Dead, sold his company to MCA in 1990 for shares worth more than $500m. *Shortly after*wards, MCA was sold to Matsushita and Mr Geffen's holding *doubled* in value.

Warner's music division has been racked by defections and conflicts over its – now-ended – stake in the Interscope gangsta rap music business.

The fashion star is gambling on being a hot label for investors

Gucci prepares to strut its stuff in New York

Anyone who thought the TV series, *Absolutely Fabulous*, painted an exaggerated picture of the fashion business should go to see the chaotic scenes at the Società del Giardino, a gentleman's club in Milan, tomorrow evening, for Gucci's fashion show.

Gucci is the hottest fashion label of the 1990s. One woman burst into tears in its London boutique last week on being told it had sold out of velvet hipsters; another threatened to report the company to the Advertising Standards Authority. The Gucci press office has been besieged by pleas for seats at tomorrow's show.

Investcorp, the Bahrain-based investment group which owns Gucci, is gambling that Gucci will prove as popular with the investment community as the fashion world. This week the Gucci board began a whistle-stop tour of the world's stock markets to prepare for the sale, later this month, of a 30 per cent stake in Gucci worth up to $350m.

Gucci will then join the small group of publicly-quoted luxury houses such as Hermès, the leather maker, LVMH which owns Louis Vuitton and Christian Dior, and *Vendôme*, the company behind Dunhill and Cartier.

Like Hermès and Cartier, Gucci *is an old-established company* with a glamorous name and picaresque past. It was founded in Florence by Guccio Gucci in 1923 and made its name in the 1950s and 1960s when Princess Grace of Monaco and her jet set friends started buying its horsebit loafers and bamboo handle bags.

Guccio's heirs over-expanded the business in the 1980s and devalued the Gucci brand. Mr Maurizio Gucci took control in 1987 when Investcorp bought the 50 per cent owned by his uncles and cousins. Mr Gucci restored *Gucci's prestige* by deleting its downmarket products and hiring Mr Tom Ford, a young Texan, to revitalise the *fashion* collection.

Mr Gucci fell out with Investcorp, which complained that overheads were too high. Investcorp bought him out in 1993 and appointed Mr Domenico De Sole, who had restructured Gucci's US business, as chief executive. Mr Gucci was shot dead on a Milan street this spring.

The combination of Mr Ford's fashion flair and Mr Gucci's rationalisation strategy has revitalised Gucci. It suffered financially in the short term with sales falling from a 1989 peak of $350m to $199m in 1992, when it made a net loss of $32m. It stayed in the red with a net loss of $23m on sales of $203m in 1993.

Gucci came back into the black in 1994 with net profits of $17.3m on sales of $264m. Its recovery accelerated in the first half of this year with net profits of $24.8m, on sales of $206m, against $4.7m, on $110.2m, in the same period of 1994.

This summer, Investcorp applied for Gucci to be listed in New York and Milan. Both exchanges insist on companies having three successive years of profit before quotation, but are willing to make exceptions. Preparations for the New York listing have gone smoothly, but the Milan authorities could not complete the documentation in time. Investcorp, keen to list Gucci in Europe, has made arrangements to do so in Amsterdam.

The 16m shares on offer will be priced at $19-$22, valuing Gucci at $1bn-$1.17bn. Analysts seem *confident* the issue will be *a suc*cess. Mr Andrea Ruggeri, Italian equities analyst at Goldman Sachs in London, said Gucci was the type of "medium-sized company with strong growth prospects" now "much in demand".

Gucci will receive 85 per cent of the flotation proceeds, which will repay its $251m of debt *to* Investcorp enabling Gucci to finance expansion from cashflow.

Mr Ford's collections have been invaluable at rebuilding Gucci's image, but fashion only provided 17 per cent of its $264m sales last year. Gucci has learnt from the success of Chanel, the Paris fashion house which staged a renaissance in the 1980s by ensuring that demand exceeded supply of its collections and makes a fortune from less expensive products such as cosmetics and bags.

Gucci's best-selling products are its horseshoe loafers and the backpack version of its bamboo handle handbags, not velvet hipsters. Bags and shoes provided 57 per cent of sales last year.

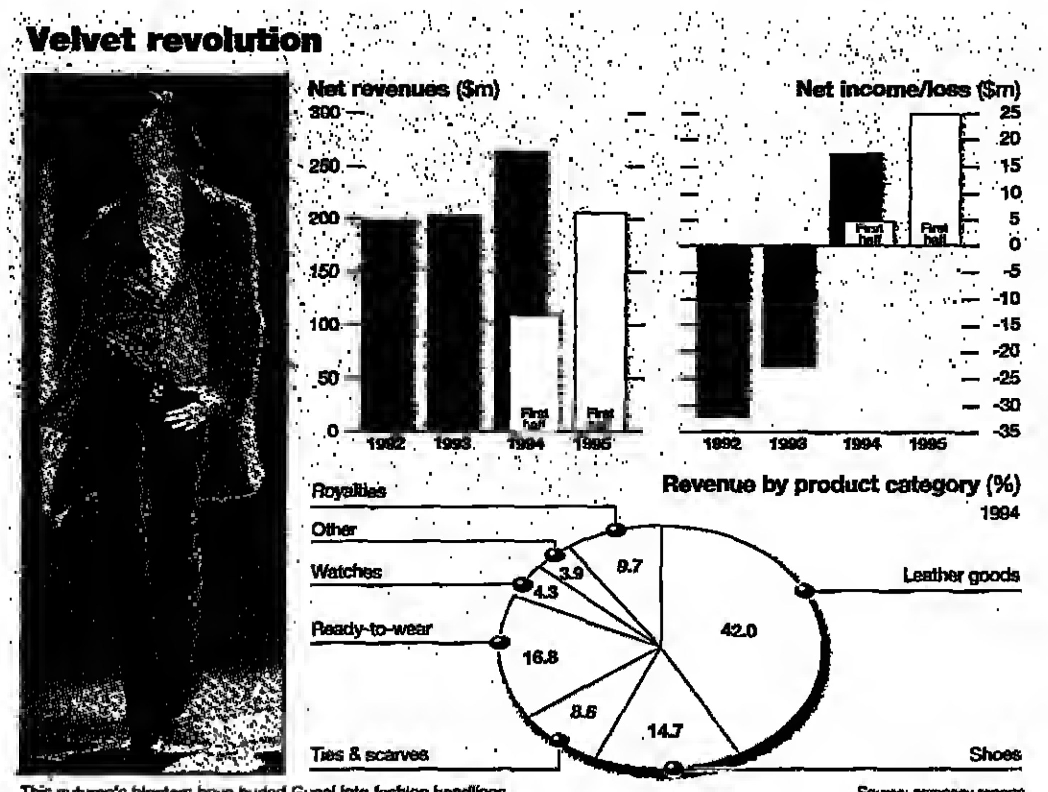
Gucci hopes to replicate the Hermès success in silks by increasing sales of ties for men and scarves for women. It has hired a new designer to overhaul the silk range (which represented less than 9 per cent of sales in 1994) and plans to open tie counters in department stores.

It will continue to invest in its own stores by completing the renovation of its existing 63 *units*. Gucci *plans to open* 16 shops over the next three years (seven of which will be in Japan) and to open 15 franchised outlets, mainly in Asia.

The financial contribution of fashion is likely to diminish as sales of silks and leathers increase. However, Gucci still sees Mr Ford as a critical component of its long-term strategy.

Mr Ford has three years left to run on his current contract and will be given a five-year equity deal when Gucci goes public. If the issue is a success and Gucci *fulfils the management's growth* expectations, the star of the Milan fashion shows could become a very wealthy man.

Alice Rawsthorn



This autumn's hipsters have hurled Gucci into fashion headlines

Source: company reports

Manweb defences against bid bolstered by main shareholder

By Peggy Hollinger and David Wighton in London

Manweb, *the English regional* electricity utility, yesterday got an 11th-hour boost in its battle to *stave off a hostile £1.1bn ($1.7bn)* bid from Scottish Power when its largest shareholder said it *intended to back the manage*ment.

Prudential Corporation, one of *the UK's largest institutional* investors, which owns almost 8 per cent of Manweb's shares, said *it would reject the offer*, which closes at 1pm today.

"We recognise and fully support the actions of a Manweb board who have both demonstrated and delivered to shareholders the value inherent in the company," Prudential said.

Although the decision increases the probability of a close result, Scottish Power's *advisers always thought* Prudential was likely to reject the offer.

Other institutional investors have indicated that they planned to accept, and Scottish Power is in a strong position, having built *up a 28 per cent* stake. But the outcome of the bid, the first for a British privatised utility company *where the management* has resisted to the end, could be determined by private investors. *They own about* 23 *per* cent of the shares.

The City of London was betting *the bid would succeed yesterday.* Manweb's shares closed at 995p, compared with Scottish Power's cash and *shares offer* worth £10.04 and the cash alternative of 990p. Were the bid expected to *fail, the share price* would be lower.

In an attempt to demonstrate *that the bid undervalues* the company, Manweb has promised shareholders a package of special dividends and preference shares worth about 550p a share. This would leave the company with heavy borrowings and limited growth prospects. But its shares would offer very high dividends.

Manweb's argument has been hindered by the stock market's refusal to put a higher value on Northern Electric, which is giving a similar package to shareholders. Prudential is understood to believe the market will eventually attribute a higher value to such companies.

Prudential, which also has a 3.5 per cent stake in Scottish Power, has considered the possibility that Scottish Power would use its 28 per cent stake to block the pay-out to shareholders. But it is thought to have decided that if the bid fails, Scottish Power or even a third party would be likely to make another offer.

FINANCIAL TIMES

Friday October 6 1995

Japanese banks face cold shoulder following $1.1bn trading losses

Daiwa debacle exacts high price

By Gerard Baker in Tokyo and Antonia Sharpe in London

Japanese financial institutions are paying a high price for the Daiwa Bank debacle. More than a week after Daiwa, the country'a 12th biggest bank, announced $1.1bn losses in unauthorised bond trading, almost all Japanese banks are facing the cold shoulder from the rest of the world in the form of higher funding costs and tightening credit.

"We are certainly seeing renewed concern in international markets," said a leading bank in Tokyo yesterday. "It's hardly surprising. Every day, the rest of the world reads about new problems in Japan and that is obviously having an effect. God alone knows when it will end."

Most troubling for Japan's banks is the re-emergence of the so-called "Japan premium", the extra interest that Japanese borrowers must pay for their funds in interbank markets in Tokyo, London, New York and elsewhere.

The premium, largely absent from international money markets for the past five years, returned with a vengeance during the summer. Foreign banks watched with mounting concern in August as in quick succession, three financial institutions collapsed.

Their fears that the contagion could reacb the big international Japanese institutions led them to raise the rate at which they lend to those banks. Then last week, the news that Daiwa Bank had lost $1.1bn in allegedly frandnlent bond trading in New York intensified the concern and saw the premium jump even higher

"Even before Daiwa, pressure was increasing," said Ms Yukiko Ohara, financial sector analyst at UBS, the Swiss bank, in Tokyo. "But that accident made a lot of people much more nervous about the state of banks in general."

Worldwide fears of Japanese financial meltdown have affected not just the price but also the availability of credit for some of the country's banks.

The amount of the additional cost varies with the creditworthiness of each bank, but money market dealers say some are now paying as much as 0.375 percentage points above interbank offered rates in London, Singapore, Tokyo and other international money centres. Even the largest and soundest of banks, such as Mitsubishi and Bank of Tokyo, bave seen their funding costs rise by up to 0.125 per cent. Global fears of Japanese financial meltdown have affected not just the price but also the availability of credit for the country's banks. Several weaker companies have seen their lines of credit from large European and American banks chopped.

"Some institutions which might have been extended, say, $100m as a credit line from international lenders bnt have so far drawn down only $20m of that, have now seen the banks cut the available credit back to what has already been advanced: they can't get any more," said Mr J. Brian Waterhouse, financial sector analyst at James Capel Pacific in Tokyo.

Japanese banks say they can handle the costs of tbe extra funding, which they believe will prove temporary. But the squeeze is worsening problems at weaker banks.

The cost of the Japan premium seems small in total, but in highly competitive financial markets it is proving costly. In the past year, weak demand for bank lending in international markets has seen loan rates charged to customers fall, squeezing the margin between banks' borrowing costs and their lending rates. In some syndicated loans in Asian markets, the Japan premium has resulted in some banks' margins disappearing altogether, forcing them to drop out of the syndicates.

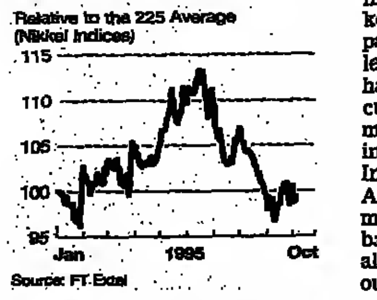
This has come as a relief to non-Japanese banks, which are hoping that a partial withdrawal by Japanese lenders could allow them to increase their lending margins and profitability. "If the Japanese have to withdraw, that will take out a lot of excess liquidity from tbe market and margins can then recover," said one banker.

So far, there are no signs that the big Japanese banks are becoming less aggressive. Indeed, four banks are participating in a £700m loan for BTR, the UK industrial conglomerate, which has secured a margin over the London interbank offered rate (Libor) of just 11½ basis points (a basis point is one bundredth of a percentage point).

But if the Japan premium persists such deals will become lossmakers for Japanese lenders. One London banker said: "If these banks are having to fund themselves at a higher level than BTR, they will be losing money.".

Japanese banks

Relative to the 225 Average (Nikkei Indices)



Source: FT Extel

German unemployment rise adds to fears of slowdown

By Wolfgang Münchau in Frankfurt

Fears of a slowdown in the German economy, especially in the east, were beightened yesterday by a gloomy report showing that unemployment rose sharply in September.

The Federal Labour Office said unemployment rose a seasonally adjusted 48,000. In west Germany, unemployment increased by 14,000 and in the east by 34,000, the office reported. The jobless rate in eastern Germany was unchanged from a year ago at 13.8 per cent.

The figures for east Germany underlined fears that the momentum behind the economic reconstruction process is failing at a time when unemployment remains significantly above the 8.1 per cent in the west.

The strong rise unemployment is partly a reflection of economic slowdown, but may also have been boosted by large pay increases agreed in most industrial sectors earlier this year.

Mr Bernhard Jagoda, labour office president, said the figures were "not as good as we expected", adding that economic performance was not strong enough to revive the labour market.

The office cited exceptional factors – notably tha early holiday season – which are not included in the statistical adjustment process, as a possible explanation for the east German figure.

Mr Jagoda yesterday went out of his way to play down the threat to the eastern economy. He said the figures showed the east German labour market had progressed significantly in the five years since unification, but conceded the country had not yet achieved the same living conditions as in the west.

Despite the soothing words and possible statistical distortions, the figures will heighten concerns about short-term developments in the German economy. The corporate sector is faced with the dual pressures of a substantial increase in wages and the appreciation of the D-Mark against the currencies of in some of Germany's largest export markets.

At its fortnightly council meeting, tbe Bundesbank yesterday left interest rates unchanged, but the weak figures may bave increased the room for manoeuvre for a further cut in the discount rate before the end of the year.

Within Germany, unadjusted unemployment figures tend to receive greater public attention. On an unadjusted basis German unemployment rose by 27,700 to 3.52m, or from 9.1 per cent to 9.2 per cent of the labour force on an annual basis.

EU imports worry for drugs groups

Continued from Page 1

work because there are two issues at stake," said Mr Ulrich Vorderwulbecke, domestic and foreign markets manager of Germany's Association for Research-based pharmaceutical companies (VFA). "The first one is financial. The second is intellectual property." Mr Charles Bonchard, senior director for European public affairs at Merck, the US drugs company, said: "The (European) industry wants the ban extended for seven years because by that time patent protection will be full and fairly in place and products will be able to flow as they rightly should. The industry has no objection to products flowing where equal terms exist."

Merck has led industry efforts to get the deadline extended or the issue of parallel imports reviewed. It has brought a case in the UK, successfully blocking the import of its own products from Spain. The case has been referred to the European Court of Justice, asking the court to overturn an earlier judgment on a different parallel imports case.

In the UK, parallel imports represent a small proportion of pharmaceutical sales because of the import restrictions and because British producers have cut prices in recent years.

Clinton announces Bosnia ceasefire deal

Continued from Page 1

Serbian leadership in Belgrade on Wednesday. The deal was announced after it won the agreement of Bosnian president Alija Izetbegovic, Serbian president Slobodan Milosevic and the Bosnian Serb leadership.

Nato defence ministers are meeting in Williamsburg, Virginia, to hammer out details of a peace implementation force of up to 70,000 troops. Diplomats say there is a plan to deploy US forces in central Bosnia, British forces in the south and west of the republic, and to leave French troops in Sarajevo, where they already play a prominent role.

THE LEX COLUMN

Sharp Axa

Generali wants to capitalise on its investment in France's Axa. And the French insurance group is making vague noises about being willing to co-operate. But it is clear that Axa holds the cards in any negotiation. Its first big acquisition outside France, Equitable Life in the US, is performing strongly, lowering Axa's reliance on the tough French market. Meanwhile, Axa has gained a substantial foothold in Asia through its acquisition of National Mutual. NM's Hong Kong subsidiary is taking the plunge into the largely untapped Chinese market.

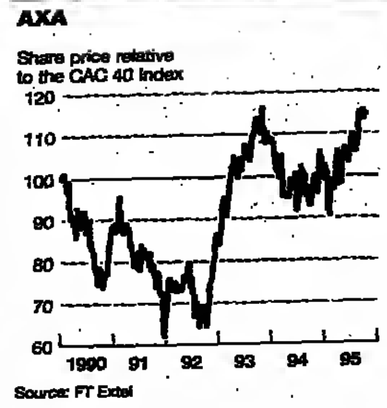
It is easy to see why Generali is upset. It has 40 per cent of a holding company which owns 42 per cent of Axa. In Italy, this type of pyramid structure would normally be more than enough to control management. Similar structures exist at Fiat and Pirelli and there is no question who is boss. Nonetheless, whila Generali has appointed three people to Axa's board, it has had no say over strategy. Now that Axa has pushed into Asia, Generali would like to cling to its coat tails through co-operative ventures. Alternatively, it would like to replace the pyramid structure with a direct share in Axa, which it could then sell at a handsome profit.

The problem for Generali is that Axa has no incentive to help. Generali would bring little to its Asian ventures, so there is no point in adding it as a partner. Meanwhile, AXA remains vulnerable to takeover with its return on equity at around 6 per cent. The current shareholding structure provides protection until it can boost profits further.

FT-SE Eurotrack 200: 1541.6 (+13.5)

AXA

Share price relative to the CAC 40 Index



Source: FT Extel

European drugs

The drugs industry has a strong moral case in calling for a delay in parallel imports from Spain. The country has only recognised patents since 1992, with the result that cheap copies of older pharmaceuticals are still circulating. But investors should not be overworried by the industry's prediction that margins in higher-priced countries will be slashed by a flood of cheap Spanish imports. As trade bodies lobby the European Commission, they have an interest in exaggerating the damage.

There is nothing new about parallel imports. France and Greece, where prices are generally low, export drugs to the UK and Germany where prices are high. Bnt such parallel trade accounts for less than 5 per cent of the total market. Removing the ban on Spanish exports would expand the supply of cheap drugs. But, though Spanish prices are low, they are not very different from those in France.

For parallel trade to be profitable to the middleman, a price differential of around 20 per cent is normally needed. Moreover, it is only commercially attractive to export best-sellers. Usually these are relatively new drugs, where the price differentials between countries tend to be small. Although some older drugs are still best-sellers, often they have different packages or doses in different countries – making parallel trade impossible. A few best-sellers, notably Merck's Vasotec, are much cheaper in Spain than elsewhere, while appearing in the same packages. But the problems are isolated.

Fisons/RPR

Rhône-Poulenc Rorer's increased offer leaves Fisons looking badly winded. Its management's determination to fight on does not seem to be shared by its shareholders: RPR was able to sweep up almost 17 per cent of the shares in the market yesterday and as long as the price stays below the increased 265p a share offer it can continue to buy. If RPR manages to get more than 30 per cent by tonight, the Takeover Code allows it to continue buying next week. Institutions keen to get their money quickly rather than waiting for another five weeks under the bid timetable may well decide to sell.

That is in no way a reflection on the Fisons management led by Mr Stuart Wallis, chief executive. They have doubled the share price in less than a year and the imaginative sale of research and development oper[ations] has transformed the group's profit[abil]ity. But even Mr Wallis has [been] unable to reverse the decline in [sales] of the group's asthma drugs. [More]over, last week's small deals wi[ll] contribute meaningfully to profi[ts] century. Fisons possesses a val[uable] piece of technology in its dry po[wder] inhaler but plenty of rival pro[ducts] are further down the regulatory [path].

Selling now means investors w[ill get] their money more quickly. But [there] is just a small possibility that F[isons] could still come up with its [...] vaunted big deal at the last m[inute]. For cautious shareholders, there [is little] harm in delaying acceptance.

Boddingtons

The consolidation of the Br[itish] brewing sector proceeds apace. F[irst] was the brewers themselves [...] to eke out economies of scale fro[m] harsher operating climate impose[d by] government regulation. Now the [pub] owners are following, attemptin[g to] build critical mass so they can [con]tinue to strike good deals with [a] dwindling number of beer suppli[ers].

Shareholders in Boddingtons, [the] latest bid target in the sector, sh[ould] be grateful to its management. It [has] done all the right things. It got o[ut of] brewing at a good price and buil[t] an excellent pub portfolio. Its w[holesaling] business looks weak, but management's only real mistake [was] its failure to win the battle for [the] pub chain Devenish. Ironically, [the] successful bidder, Greenalls, is [the] likely buyer of Boddingtons – and [at a] similarly high price.

For Greenalls, a deal would [make] sense. It could cut out Bodding[tons'] head office, gain discounts on pur[chas]ing food and drink, and build u[p a] fledgling distribution business. Gr[een]alls' purchase of Devenish was [on a] historic price-earnings ratio of 21 [...] it has certainly won over initial sc[epti]cism. Greenalls should be abl[e to] achieve around double the £3.5[m] year cost savings gained at Deve[nish] and if it pays £4 a share it woul[d be] buying Boddington for a similar m[ulti]ple. Greenalls' shareholders w[ill] almost certainly face earn[ings dilu]tion. But they will gain an edge [over] smaller pub owners if the falling [num]ber of big brewers starts to tra[nslate] into higher prices for their beer.

Additional Lex comment[s on] UK water on Pa[ge ...]

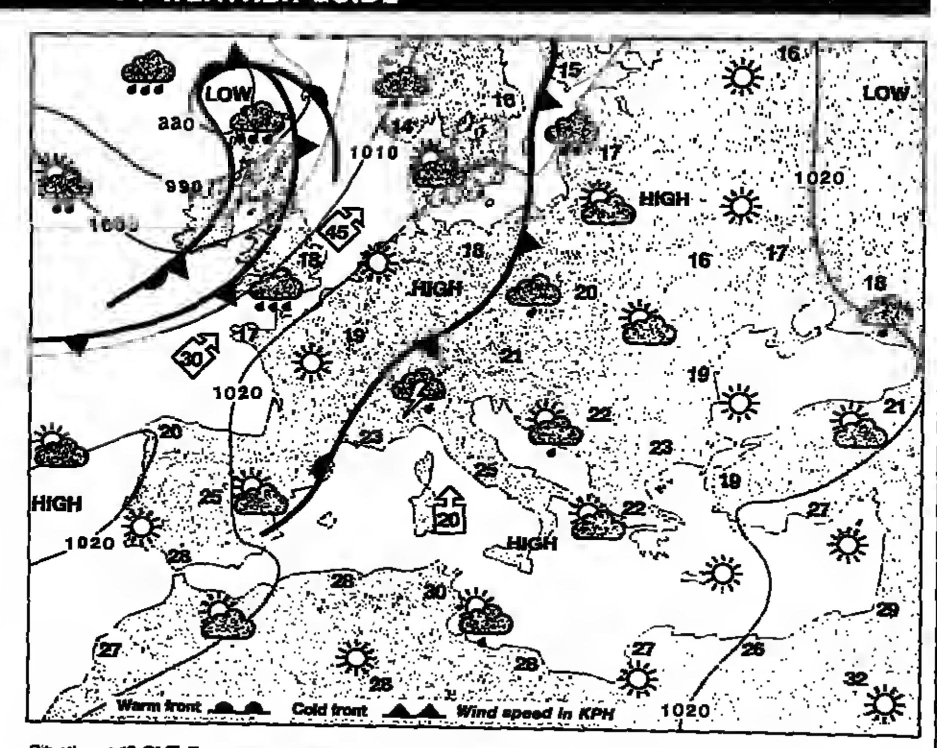
FT WEATHER GUIDE

Europe today

Scotland and western England will have rain as a new frontal system and its associated depression move into the north-west of the UK. Ireland will have sunny spells and scattered showers. The Benelux and much of France will have mainly clear skies but high cloud from the west will enter the continent later in the day as the front approaches. Northern and north-east Spain will have sunny spells but the rest of the Iberian peninsula will be cloudless. Showers, at times accompanied by thunder, will linger over northern Italy, the Alps and south-eastern Germany. Finland will also have plenty of rain. Other parts of Germany, Denmark and Sweden will be dry with sunny spells. Eastern Europe will have a mixture of cloud and sun.

Five-day forecast

High pressure over eastern Europe will extend more influence over the western part of the continent. Therefore, low pressure will stay over the Atlantic and only its associated fronts will effect the UK at times. The continent will have frequent sun and temperatures will rise slightly above seasonal levels in the west.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

هكذا من الأصل

FINANCIAL TIMES
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Friday October 6 1995

A plague from both parties

fore Lady Thatcher marched on the British political scene, there s a consensus on how the UK ould be governed, known as utskellism", after R.A. Butler, twar Tory strategist, and Hugh itskell, Labour leader of the 50s and early 1960s. Now other consensus seems to be erging, one that might be called eseltairism", after its twin thors, Mr Michael Heseltine, tha puty prime minister, and Mr ny Blair, the Labour leader. seltairism has attractive fea-es. But there are risks all the ne.

Heseltairs love the notion of rtnership" between govern-nt and industry. From time to e they also talk of competition, too often this means support UK businesses against foreign npetition. When Heseltairs look the privatised public utilities, y think of the benefits of size. bour Heseltairism is more egali-ian, not to say populist, than Tory version. But these dis-ctions should not blind people the similarities.

Mr Tony Blair'a proposed deal h British Telecommunications n example. The plan is to allow to broadcast entertainment r its network after 2002, in npetition with cable companies, in direct return for BT'a agree-nt to connect up every school, lege, hospital and library in tain to the "information super-hway", for free. Yet tha main blem in telecommunications nains the overwhelming domi-nce of BT. Tha Labour party ks appearing to endorse this quasi-monopoly in return for securing a specific social objective, off-budget.

The government'a policy towards electricity generation and supply is far less defensible. It aeems prepared to watch the structure of the industry being transformed by mergers, without making any reference to the Monopolies and Mergers Commission. That could make sense only if it were quite certain that these changes carry no significant anti-competitive risk. It cannot be.

Some argue that the industry is being reshaped by market forces. But it is mergers that are reshaping the industry, which are as likely to be motivated by the aim of increasing monopoly power as of lowering costs.

The argument is also made that there will be full market liberalisation in 1998, when consumers will be able to shop around. Meanwhile, prices will be regulated. But the effectiveness of the envisaged competition remains unclear, while the task of the regulator, already difficult, can only become harder after these mergers. As Professor David Newbery argues on this page, it would be extraordinary to allow such a radical consolidation without investigation.

Mr Blair is flirting with Heseltairism, while the government'a approach represents that doctrine in full flower. By failing to promote competition, any government merely ensures indefinite prolongation of the politicised and arbitrary regulation of today. Competition remains the superior alternative.

Media trials

British justice going the way of US, where "trial by media" s made fair trial and conviction celebrities a virtual impossibil-? Or is press freedom in danger m restrictions on reporting a se before it is brought to trial? The questions are prompted by case of Geoffrey Knights, the yfriend of a TV "soap" actress, se trial for wounding and ult was halted this week after t the judge called "unlawful, leading, scandalous and mali-s" reporting in a number of spapers. The attorney-general onsidering whether the editors e a case to answer for causing stantial risk of serious preju-" to the trial under the 1981 tempt of Court act.

his case is in some respects sui eris. It is impossible to judge ther coverage of the case after Knights was charged did cause ious prejudice". However, it s raise some more general es concerning the public inter-in permitting defendants a fair l, and in ensuring, through lia reporting, that justice is n to be done.

he sub judice law restricting ment on a case until it comes trial has generally served ain well. As the O.J. Simpson l bears witness, it is greatly erable to the no-holds-barred roach allowed under the first ndment to the US constitu-, which results in juries hav-to be artificially sequestered r exposure to the media. evertheless, there are signs the law is fraying – or at least that newspapers are tocreasingly testing its boundaries. In at least one recent case – that of the Taylor sisters, whose conviction for murder was subsequently overturned – prior publicity demonstrably prejudiced a fair hearing.

This prompts two further worries. One concerns the prospect of a flood of attempts by defendants to abort trials purely because of such publicity, or even of attempts by unscrupulous defendants to secure publication of prejudicial material with that intention. The second is that judges will overreact, and introduce undue restrictions on trial reporting.

It is important to keep the problem in proportion. The authorities should not over-estimate the impact of pre-trial publicity: juries make great efforts to come to fair decisions based on the evidence before them, and judges have ample opportunity to ensure that they take these duties seriously. But where there is a real risk that reporting will cause prejudice, the authorities would be sensible to adopt a more consistent approach to warning the media to take care.

No such warnings were issued in the case of Mr Knights, which may help to explain the behaviour of some newspapers. Conversely, tha judge in the Maxwell trial has issued stern admonitions on fair reporting, and the media has generally acted with impeccable restraint. If warnings are properly issued and a media organisation does not heed them, there is no reason why it should not be prosecuted for contempt.

Resignations

Akira Fujita and Mr Sumio wa, president and chairman Daiwa Bank, were last night ng pressure to resign. They are ost certain to do so in the next weeks, after a decent period of f-reflection. This is not just ause of the persuasiveness of men from the finance minis-keen to chastise Daiwa for the egedly fraudulent $1.1bn bond ding loss in its New York anch, accused of violating US nking laws. Their impending tirement is also part of the long panese tradition that the top ople must make what is usually erely ritual atonement for an ganisation's misdeeds.

The Daiwa bosses' punishment ll not be as painful as it looks. a year or two, both of them, if evious cases are any guide, will appear as senior advisers to me pillar of the corporate estab-hment. Such ritual resignations ay once have served Japanese mpanies well. They are a pain-ss way of putting problems into e past and getting back to busi-ss as usual. But Daiwa's case is fferent. Its crisis took place out-de Japan. So a merely ritual onement would damage its ternational credibility and that Japan's financial system.

Self-evidently, the top heads are ot the only ones that should roll, articularly since it is common nowledge that the top peopla in apanese banks, as in industrial mpanies and maybe even gov-rnment, are figureheads. They ave little influence in their own rganisations by comparison with western business or political leaders. It is in the middle ranks that the important choices are made for good, or as in Daiwa'a case, ill. It was probably at this level that someone overlooked the fact that Mr Toshihide Iguchi, the bond dealer who admitted the loss, was left in charge of both trading and custody of bonds. That classic error made the alleged fraud possible.

If Daiwa's foreign creditors and customers are to be persuaded that auch mistakes will not be repeated, they need more than the retirement of the two top men. They need to see a wholesala rethink of the management structure, as took place in Barings, a similar case.

To some extent, the same is true of other leading Japanese banks. They are now being charged a risk premium to borrow abroad. This is partly because of the general instability of the Japanese financial system, tottering under the weight of Y50,000bn of bad debts. It is also because of worries that horrors, such as the one that befell Daiwa, may be lurking in their middle management ranks.

Senior Japanese finance officials will be in Washington this weekend to persuade leading US and European banks that the government has got its financial crisis under control. They may get a sceptical reception. Ritual is no longer enough. An altogether tougher creed – real change, to prevent repetition of past errors – is needed. Nor is the case for this restricted to banking alone.

Broadcasters dish up a revolution

Digital technology is driving an expansion of the global satellite television industry, says Raymond Snoddy

Later today the satellite digital television revolution will come to Africa, several weeks before it is due to start officially in Europe. A high-quality digital service will offer 24 channels to about 200 subscribers from the Atlas mountains in north Africa to the Cape of Good Hope who have paid about $800 (£506) for the decoder to receive programmes.

But NetHold, the company behind the venture, hopes the number of receivers will rise quickly once the service starts broadcasting and plans to increase the number of channels to 120 over the next two years.

"There is definitely a market in Africa if we pick our shots carefully," says Mr Koos Bekker, chief executive of NetHold, which is owned by Richemont, the tobacco and luxury goods group, and Multi-Choice, a South African company. "The highest pay television penetration in the world is in Namibia which is not the likeliest place. There is little else to do in terms of theatre or cinema."

NetHold already offers pay television in 43 countries in Europe, Africa and the Middle East, and is launching digital satellite services in the Middle East this month, in Italy next month and in the Benelux countries early next year. The company is backing its belief that consumers want 100 or more channels with hundreds of million of pounds in investments. It recently placed orders for 1.1m digital satellite receivers worth an estimated $550m with Philips, the Dutch electronics giant, National Panasonic of Japan and Pace of the UK.

The ambitious plans of the Dutch-based company are only one example of a worldwide revolution in television involving investments totalling billions of pounds. By the end of 1997 most parts of the world will have the opportunity to tune into at least 150 channels of digital television; in Europe, the total could easily be more than 500.

The revolution is made possible by the arrival of digital compression technology. With traditional analogue broadcasting, every line and frame of a picture is transmitted – even though there are relatively few changes from line to line and frame to frame. Digital broadcasting transmits only the difference between successive lines and frames and then recreates the original picture perfectly.

Many more television programmes can be broadcast from satellites using digital technology than analogue technology. A satellite normally has up to 20 transponders, each of which can transmit one analogue channel, but six to eight digital channels.

With digital technology, the cost of broadcasting a channel falls to a fraction of the present $3m to $4m a year it costs for a single analogue channel. And since many television studios are already using digital technology, there is little cost in adding new channels.

"Each technology as it develops reaches a point where it is market-ready and the judgment you have to make is whether digital has reached that point," says Mr Bekker. "We believe it has because of the compression."

The digital satellite revolution began a year ago in the US with DirecTV, a Hughes Communications company, which broadcasts 175 channels to 18in dishes across North America. In the first year the number of subscribers has reached more than 800,000 and the broadcasting company says it expects to pass the 1.3m figure by the end of the year.

DirecTV is also planning to launch Galaxy Latin America, with partners such as Multivisón in Mexico and Televisão in Brazil, early next year. The service will carry 72 channels in Spanish and 72 in Portuguese as well as 60 CD-quality music channels.

Galaxy will not be alone over Latin America. Mr Rupert Murdoch's News Corporation has linked up with the TV Globo, the Brazilian broadcaster, to provide a direct-to-the-home service covering Latin America and the Caribbean.

Other multi-channel projects which will greatly extend the number of channels on offer range from Australia, Asia – Mr Murdoch again, through Star TV – to Europe.

In Europe the first of three wholly digital Astra satellites, each costing about £200m, is due to be launched on October 14. It is expected to start broadcasting by the end of the year, and when all three are in service by the end of 1997, Astra will be able to transmit 500 channels over Europe.

Mr Romain Bausch, director-general of SES, the Luxembourg group which owns Astra, says 85 per cent of the capacity is already leased and negotiations over most of the rest are in their final stages. European television groups which have signed up include Canal Plus, France's leading pay television group; the Munich-based Kirch organisation which dominates German film and programme distribution; CLT, the Luxembourg-based international broadcaster, and British Sky Broadcasting, the UK pay-television group controlled by Mr Murdoch.

Eutelsat, the satellite television group owned by the main European telecommunications operators, is also launching satellites capable of either digital or analogue broadcasting. The first of three "Hot Bird" satellites was launched in March and the three could add another 500 channels – channels that can be delivered in Europe to 40cm dishes.

"Obviously people want to be first. There is a rush through the door," says Mr Giuliano Berretta, commercial director of Eutelsat.

The question that remains is whether there will be enough customers willing to pay for a decoder and to subscribe to a 150-channel digital package. The cost is likely to be several hundred pounds until high volumes of sales drive down the price of receivers.

One of the important elements in enticing new viewers is near-video-on demand – devoting 60 channels to showing eight or nine films. Each is shown on several channels with staggered starts, so the viewer has to wait only 20 to 30 minutes to catch the start of a film. The digital black boxes will have modems on board so that films and other satellite services can be ordered automatically through the telephone lines.

The evidence from DirecTV and experiments in places like Rotterdam suggests that near-video-on-demand can push up the average number of films viewers pay to see each week from one to nearly two. While this provides additional revenue, it will hardly drive a viewing revolution. Despite this, CIT Research, the London-based communications analyst, estimates that nearly 9m European households will own a digital satellite receiver by 2004, with 20m owning a satellite dish of some sort.

Some industry analysts believe that the digital satellite systems will pose an increasing threat to older 30-channel cable systems in countries such as the Netherlands and Belgium or even more modern systems in the UK with 50-channel capacity. With many of these systems now being used at capacity, massive investment would be required to upgrade them.

The cable companies remain confident that they can offer an equivalent service. Mr Eugene Connell, chief executive of Nynex, the second-largest UK cable group, says the industry can make sure the viewer is "future-proof" by bringing the latest channels and services to customers via cable.

But satellite broadcasters believe digital broadcasting offers an enormous increase in capacity without the need for relaying cable.

And in the longer term, they are working on devices that allow individual customers to communicate with satellites directly. Such devices are likely to be expensive and initially restricted to business use. But they could lead to satellites in effect coming "on-line" for customers who will be able to call up data and services through them.

Mr Bausch of SES recently gave evidence to a taskforce set up by the Luxembourg government to look into building the information superhighway in the country.

"I asked them: 'Why are you looking to build an information superhighway? You have it already. It is satellite'," says the man who is already thinking of satellite systems carrying 1,000 channels of television and data by the end of the century.

Deals put electricity structure at risk

PERSONAL VIEW

First it was Scottish Power and Manweb; next PowerGen and Midlands Electricity; and then National Power and Southern Electric. If Hanson, the new owner of Eastern Group, succeeded in its attempts to buy the 6,000MW of plant on offer from National Power and PowerGen, almost 60 per cent of electricity generation in England and Wales – including nearly all the supply used to set market prices – would be vertically integrated with distribution.

If all these deals were to go ahead, the effect would be to undermine the most distinctive and innovative features of electricity privatisation: the separation of the generation of electricity from its distribution, and the attempt to create a competitive wholesale market for power – the pool.

This transparent market has had a dramatic effect on leading generators – all have more than doubled their output per person employed in the five years since privatisation.

By contrast, the regional electricity companies and the National Grid have made far less impressive efficiency improvements.

Close regulatory oversight of both the generating and distribution arms of the new integrated companies would be required, and new and complex licence conditions would be needed. Far from reducing the burden of regulation, vertical integration would increase its complexity and make it more subject to challenge, mistrust and dispute.

If all the current mergers were approved, the number of independent recs would be halved and the information contained in the share prices and accounts of the acquired companies would be lost.

Proponents of vertical integration argue that the deals would bring efficiency gains and that UK companies need expertise in both generation and distribution if they are to succeed in overseas markets. None of these arguments is sufficient to outweigh the risks and costs of undermining the split between generation and distribution, however.

Once integration had been achieved, it would be too difficult to unscramble the egg. We would be stuck with the same unsatisfactory and inflexible structure that impedes reform in Germany and the US.

The proposed deals would reduce competition because – with most customers continuing to buy electricity from their local regional electricity company after liberalisation in 1998 – they would leave integrated generators in effect with a captive market for part of their output. They might be tempted to charge their own recs higher prices than distribution companies with no generation interests. The extra costs could simply be passed on to electricity consumers.

There is a serious risk that vertical integration would weaken the pool

Of course, licence conditions might prevent generators from agreeing contracts with their own regional companies. But in this case the captive recs would buy their electricity from one of the other two integrated companies. Such a situation is hardly likely to result in satisfactory competition and could leave room for collusion.

The biggest consumers, which would be the most likely to pick and choose between competing recs, would also suffer simply because there would be fewer suppliers.

Moreover, the integrated companies would have an edge over the remaining recs because they would have market information about their local supply base as well as inside information about their bidding strategy in the pool. This would give them an advantage in predicting pool prices.

This edge might enable them to be more aggressive in signing up customers, as they do not need first to agree contracts with the generators for additional supplies. This would help the integrated companies to increase market share.

There is also a serious risk that vertical integration would weaken the pool. This is because the integrated companies would have an assured market for more of their output, giving them less surplus electricity to sell wholesale.

If less trade passed through the pool – and the market became more unpredictable and manipulable – traders would pull out. This would make it a less effective benchmark for long-term contracts.

The restructuring of the industry at privatisation was a remarkable success which is now at risk. Once it is reintegrated, it will be difficult to return to the model of competitive stand-alone generators, and the creative tension between the component parts of the industry will be replaced by a cosy cartel.

It would be political negligence of a high order to allow this to happen by default. The remedy is to refer all mergers to the Monopolies and Mergers Commission with a brief to examine the desired future structure of this vital industry.

David Newbery

The author is director of the Department of Applied Economics at Cambridge University

OBSERVER

Appealing for help

■ The first dispute the appeals body for the World Trade Organisation needs to settle is thet of its own make-up – and quickly.

The United States and the European Union hava been fighting for months, each wanting to inhabit two of the seven seats on the panel. While the US has apparently backed down, Brussels is still hanging on about representing 45 per cent of world trade.

But hang on. Leaving aside the small matter that the appeal judges were supposed to be appointed on individual merit, the 45 per cent figure takes in intra-EU trade. If the EU is indeed a single market (which is why Brussels speaks for the 15 member states in the WTO) internal trade should not be counted any more than trade between the 50 American states.

Talking external trade alone, the EU clocks up 20 per cent, as against 15 per cent for the US and 12 per cent for Japan. That actually makes the provisional list put forward by WTO ambassador Don Kenyon of Australia and his committee look pretty balanced: it reportedly comprises judges from the US, New Zealand, Germany, Egypt, the Philippines, Uruguay and Japan. Meanwhile, the EU is reduced to getting chummy with the Swiss. It seems, and is pushing for New Zealand's Christopher Beeby to be replaced by the sole non-EU European nomination, Thomas Cottier of Switzerland.

Sure thing

■ Just when Axa, the French insurance group with a penchant for sending senior managers to bonding sessions in exotic locations, looked to be running short of an encore, inspiration strikes. It has already put employees on the Orient-Express, into tents in the north African desert and on top of the Great Wall of China. Each destination was supposed to make symbolic points about future business challenges. So what next?

Word has it that the next session will be held in California. A rather less exotic location, you might say. But a lawyer's office perched somewhere along the San Andreas fault would presumably make the point quite nicely.

Home and away

■ Sir Leon Brittan, the EU's suave and gimlet-brained trade commissioner, has been called many things in his time. But never a professional Yorkshireman. So why is he hosting a two-day "Quad" meeting with the US, Japanese and Canadian trade ministers later this month in a Yorkshire castle rather than a Belgian chateau?

Brittan will hold court at Harrogate's Ripley Castle, now a conference centre, and dinner will be served at Castle Howard, the sumptuous pile featured in the TV version of Evelyn Waugh'a novel, Brideshead Revisited. These sorts of meetings are usually held on the host's home turf. The last was in British Columbia, birthplace of Roy MacLaren, Canada's trade minister. Given that Brittan is a Londoner who works in Brussels, Harrogate can hardly be described as his home town.

True, he used to be MP for Richmond in the Vale of York and still has a house there. Word is that he spends as much time as possible hobnobbing with the county set in his old constituency. Were it not for the fact that Richmond is now represented by William Hague, the excellent young Welsh secretary, it might be thought that Brittan is interested in keeping his old seat warm just in case he wants to launch a parliamentary comeback.

Balkanisation

■ The merging of cultures in Finland's two biggest banks, Kansallis-Osake-Pankki (KOP) and Union Bank of Finland (UBF), seems to be proving every bit as troublesome as the experts predicted. Supposedly setting aside decades of rivalry, the two agreed earlier this year to join forces to form Merita Bank. It is now crunch time, and a third of the 18,000 jobs are set to go.

Initially, the two sides referred to each other as KOPs and SYPs – SYP being the Finnish version of UBF. This was shortened to Ks and Ss. And then lengthened – to Kroats and Serbs.

Wigwams for geese

■ An Australian business acquaintance set out to find the essential difference between Japanese and Chinese business techniques. With both a Japanese and a Chinese working for him already, he gave them a test. He first asked tha Japanese to obtain some "wigwams for gooses' bridles". The Japanese had no idea what this nonsense meant but ha studied his dictionary and, reluctant to lose face, informed the boss: "There are only two factories which produce wigwams for gooses' bridles; one went bankrupt last month, and the other hurnt down last week. Very sorry."

The Chinese assistant approached the same task with gusto, immediately saying her brother had Asia's biggest wigwams' gooses' bridles factory. She even eventually persuaded her employer to place a sizeable order.

But, canny old thing, ha asked if her brother could send a sample, before he confirmed the order. She replied: "Oh, Chinese wigwams for gooses' bridles very different from Australian model. First you give me sample of Australian model, so we may adjust ours to suit your requirements."

The Financial Times

50 years ago

Strike wave in US

New York: The wave of labour unrest which has swept across the United States since the whole war ended has reached a new height that threatens to engulf the reconversion programme. It is almost surely bringing a higher price level, which means further inflation and sharply reduces tha country's opportunities as an exporting nation.

The Navy is today taking over the strike-bound plants of 26 oil-producing and refining companies on the overnight orders of President Truman, acting on his wartime powers. Some 35,000 oil workers struck a fortnight ago. But the administration is not thinking of seizing the 350 coalmines closed by the strike of 115,000 miners, said the Secretary of Labour, Mr Lewis Schwellenbach.

There are 60,000 New York longshoremen on strike and holding up the great port of New York, although union leaders have urged them to return to work on Monday. The walk-out by some 30,000 telephone operators may affect radio hook-ups. There are also 60,000 men out in the lumber trade, 105,000 in the motor industry and 13,000 in the steel trade.

THE FT INTERVIEW: Manmohan Singh

Architect of India's reform

Mr Manmohan Singh, India's finance minister, will deliver a quiet message to his counterparts at the annual International Monetary Fund/World Bank meeting in Washington next week.

Countries such as his which are undertaking fragile economic reforms, he will say, need a new kind of international insurance policy because they are particularly vulnerable to external shocks, including droughts and sudden oil price rises. "Someday the world has to sit up," he said on the eve of departing for Washington. "We have seen star performers suddenly get into difficulty – we saw what happened in Mexico."

Although he says he has no ready-made solutions, he argues that countries which are "not neighbours of the United States" – and which therefore cannot rely on the kind of US-backed rescue offered to Mexico – needed more than the currently available IMF and World Bank support. "If they run into difficulties, there should be a credible international safety net to protect the integrity of their development programmes."

Mr Singh's views carry weight because he is the chief architect of four years of economic reform which have turned India into something of a star performer itself.

No finance minister since independence has done more to integrate India into the world economy and liberate it from the dirigiste economic policies which were the legacy of Nehru and the Gandhis.

But there is some poignancy to his views, given that this could be Mr Singh's last appearance at an IMF/World Bank gathering as finance minister. Unless Indian voters have a change of heart, Mr Singh's Congress party seems unlikely to be returned to power in next year's elections.

Mr Singh is aware his tenure may be limited: his tone this week was almost valedictory. "What we have done is more than I had expected or intended," he says. "Of the reform agenda which I had promised in 1991, I think 75 per cent to 80 per cent [of it] we have been able to complete."

Mr Singh's agenda, first outlined in his inaugural 1991 budget, was electrifying at the time. India was in the grip of a fiscal crisis, suffering

Tony Andrews

Finance minister Singh: 'We have done more than I expected'

double-digit inflation and close to defaulting on its external debt. Mr P V Narasimha Rao, the prime minister, plucked the Oxford-educated Sikh from the backwaters of the University Grants Commission and empowered him to undertake radical – and painful – reforms. "I said to our people publicly that India was in such great trouble that for the next three years we should expect blood, sweat and tears," says Mr Singh.

India had no choice, he says, but to dismantle four decades of central economic control; to control the fiscal deficit, cut and rationalise corporate and personal taxes, end industrial licensing, welcome foreign investment, liberalise import rules and cut duties, encourage exports and deregulate India's archaic capital markets. Mr Singh pursued this agenda in five subsequent budgets.

The fiscal deficit has fallen from 8.5 per cent of gross domestic product to 6.7 per cent last year, inflation is down to 8.5 per cent, maximum import duties have been slashed from more than 200 per cent to 50 per cent. Taxes have been cut, the tax base broadened and tax revenues are buoyant. Exports have been rising at an annual rate of 29 per cent. And while imports – notably of capital goods – are also rising, Mr Singh says doomsayers who predicted the de-industrialisation of India have been wrongfooted. Annual industrial growth is running at 10 per cent and overall economic growth at more than 5.5 per cent.

But the greatest achievement, he says, had been to transform "the way Indians think about their economic problems" and unlock "the latent creativity of India's entrepreneurs". There is now consensus behind the reforms, he says. State governments, whether leftist or Hindu nationalist, are "all saying the same things". Thus, he says, "structural reforms like the reduced role of the public sector, opening up of the Indian economy, increased welcome for foreign investment – these are reforms which I think are secure".

But Mr Singh is sufficiently candid to admit failures. Progress in cutting the fiscal deficit, the subject of World Bank and IMF concern, is "not as good as I had intended". Deeper cuts, he says, had been impeded by the simultaneous cuts in tax rates and import duties. The stock of public debt – now 87 per cent of GDP – holds stubbornly at 1991 levels. This could not be eroded, he says, because the sweeping privatisation he believes necessary to retiring this debt was deemed politically unsustainable. Bolder privatisation "would have aroused the opposition of the organised working class, which could have derailed the whole reform programme".

India's vibrant democracy has perhaps been Mr Singh's greatest constraint. But he admits surprise that his reforms provoked relatively little social protest and adds: "There is perhaps no other instance where such far-reaching structural changes have been made in the context of a well-functioning democracy."

Even if India's electorate turfs out the Congress party in polls due next spring, he says he is content that India, under any government, is now irrevocably committed to deregulation of the economy.

He dismisses as political posturing the recent calls by Hindu nationalists for "swadeshi", or self-reliance, and the Maharashtra state government's decision to scrap a $2.8bn (£1.77bn) power project being carried out by Enron of the US. Mr Singh claims that his programme is economic nationalism "properly understood". He says: "India's economic destiny is safe only when India knows how to stand on its own feet, to compete against everyone else in the world on an equal footing. That is what we are trying to do. I've been wanting India to be self-reliant in that sense of the term."

This would be a precious legacy. It is therefore not surprising that Mr Singh will urge his peers in Washington that they should find means within the international community to safeguard his – and other reforming countries' – hard-won efforts.

Mark Nicholson

Philip Stephens

A change in the weather

Tony Blair parades his party as the government-in-waiting. The Conservatives prepare to transform themselves into Her Majesty's opposition. Thus the battlelines for the next general election are being drawn.

There will be plenty of occasions between now and then for caveats and qualifications. And, yes, party conferences are a distorting prism, a looking-glass world into which the voters peer with healthy scepticism. But let us be clear. Mr Blair has had a brilliant week. Margaret Thatcher was right when she described him as the most formidable Labour leader since Hugh Gaitskell. Mr Blair is changing the political weather.

The past four elections were fought and lost on ground staked out by the Conservatives. Mr Blair has torn down the fences to claim his own territory. And you will not ruffle him by accusing him of standing elbow-to-elbow with One Nation Tories or middle-American evangelists.

Without the slightest blush, he wraps his party in the union flag, recasts it as the ally of the family, promises to put more policemen on the beat. He strikes deals with British Telecommunications to build the information superhighway – and then exults in the support of that Thatcherite alleycat Norman Tebbit.

His reach extends further. He borrows Australia's hard-edged welfarism from Paul Keating (never, ever fight an election on a promise to raise taxes, Mr Keating told him when they met back in July. I won't, Mr Blair replied). From Newt Gingrich comes the technological futurism of the information age. Nor is God off-limits. Urged by Neil Kinnock to let his personal Christianity break through the studied seriousness of his speeches, Mr Blair now treats the podium as pulpit.

It works. His single-mindedness is infecting his party and beginning to shape opinion well beyond its boundaries.

It is not just that the party's delegates will admit for the first time in living memory that a Labour government could not give away Britain's nuclear deterrent. Associated Newspapers, which counts most prominently among its titles the Daily Mail, now says it might back Mr Blair on polling day. I cannot believe that any newspaper which has drunk so deeply at the fountain of Thatcherism could go that far. But the public admission of its uncertainty tells us just how much the climate has changed.

There is no need to pretend that the delegates in Brighton enjoyed being told that low inflation takes precedence over public-sector pay, that the voters will not stand for the abolition of grant-maintained schools, that the burden of pensions provision must be shared between the public and private sectors. Roy Hattersley's denunciation of Mr Blair's education policy was well applauded before it was rejected.

Blair's single-mindedness is infecting his party and beginning to shape opinion well beyond its boundaries

Nor does the public projection of a wholly united shadow cabinet withstand the scrutiny of a claustrophobic week at the seaside. Mr Blair has secured the loyalty of each of his principal lieutenants. Deep rivalries lurk below. The relationship between Gordon Brown and Robin Cook is visibly tense. The best gloss offered by one colleague was that shadow chancellor and foreign secretary talk to each other with appropriate civility. Mr Brown and John Prescott are equally unlikely to be found sharing a late-evening whisky.

Elsewhere it is obvious that many have still to grasp fully the scale of Mr Blair's ambition or the determination with which he will pursue it. Among the old guard, New Labour is a rhetorical device, a price worth paying to win. Young Britain is a slogan which they will mouth for the cameras while privately seething at the influence of Mr Blair's imagemakers. They have yet to realise that the leader means it.

Sometimes you cannot fail to suspect that Mr Blair sees the relationship with his party as that between classroom teacher and children. Having taught his supporters new applause lines, he intends to change the way they think. He knows the party is aching for power. So he will clamp the lid ever more firmly on internal tensions and rivalries. The leader, a close colleague offered this week, is a "ruthless bastard". It was a serious compliment.

Like his Tory soulmate Kenneth Clarke, the Labour leader is wedded to the politics of momentum. The marriage between education and technology is the first of a series of flagship policies. By next summer we should see the shape of his approach to the welfare state. It will be grounded in the principle that opportunities demand obligations. Here Mr Blair is attempting to turn conventional wisdom on its head. His message is that only the guardian of the welfare state can be robust in its reform. The word is still taboo, but Labour is already tip-toeing towards workfare.

He knows also that an economic policy which simply signs up to Tory orthodoxy is not enough. It is all very well for New Labour to declare that it will be as tough on inflation, as prudent about borrowing, as scrupulous about efficiency. But a credible alternative to the government's strategy requires deeper analysis. Every government since the war has promised to raise the economy's productive potential. Each one has failed. Mr Blair will not find it easy to persuade the electorate he has discovered the elusive secret.

Public/private partnerships are one pillar. But elsewhere Mr Blair's advisers have discovered it is easier to promise new incentives for investment than to find schemes which will work. It is equally difficult to talk about comprehensive training without promising to spend other people's money – the taxpayers' or industry's. As for income tax. It is all very well promising not to increase it, but would Labour ever cut it? Mr Blair should be as keen as any Conservative to take the poor out of tax. It is possible he will say so before the election, but not yet certain.

Those expecting detailed blueprints will anyway be disappointed. Demand from Mr Blair a raft of specific policies and he will reply he does not intend to repeat Bill Clinton's biggest mistake. Sure Mr Clinton won, but how many of his promises has he delivered, how strong are his chances of re-election? In Mr Blair's mind direction counts, details are needlessly dangerous.

Which takes us to the Tories. Ministers have been told to produce a stream of policy initiatives when the party gathers in Blackpool next week. Most importantly, and for all his instinctive caution, Mr Clarke will harden the promise of pre-election income tax cuts. This along with Europe, is a gap with Labour that the government must open up.

But the serious strategists in the Tory party see no profit in fighting the election on the government's record or on a platform strewn with 10-point plans for the millennium. Mr Blair promises change. To beat him, John Major must make change appear more frightening than it is attractive. It will be the balance between the demand for change and the fear of it which decides the outcome on polling day.

So the Conservatives will cast themselves not as the party of government but as the opposition, the bulwark against a Labour administration wedded to big government and destined to raise taxes. You can see the campaign now. Look behind Mr Blair, at his colleagues's spending plans, at the trade unions' pay demands, at the producer interests who will regain control of public services. Then there is Europe, where Mr Major will offer a choice between confrontation and capitulation.

There is little purpose now in predicting the result. But we have learnt something this week. Mr Blair knows that the next election is his party's best and last opportunity to govern. It will take something extraordinary to stop him seizing it.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). Translation may be available for letters written in the main international languages.

No reassurance in Hong Kong

From Ms Emily Lau.

Sir, Your report "China and UK mend Hong Kong fences" (October 4) has given the false impression that constructive steps are being taken to ensure a smooth transition to Chinese communist rule on July 1 1997.

The fact that Britain's foreign secretary, Malcolm Rifkind, met Chinese foreign minister Qian Qichen in London on October 3 has done little to reassure the 6m people of Hong Kong that their wishes would be respected when Beijing finalises plans for the takeover.

The main feature of the latest Sino-British accord is the establishment of a liaison office to channel contacts between the colonial administration and China's preparatory committee, a body with the task of setting up the Hong Kong special administrative region government. The accord makes no reference to any role the legislative council elected on September 17 could play in this vital process.

Adding insult to injury, China insists on disbanding the elected legislative council on July 1 1997 and replacing it, most probably, with a nominated body.

Britain appears to have accepted that it is powerless to dissuade the Chinese from taking such damaging and misguided action and chooses to concentrate on trade and ceremony for the handover.

With 635 days to go before the takeover, many Hong Kong people look to the future with anguish and foreboding. Their demands are modest and reasonable: they want to be governed by a democratically elected administration, they want the rule of law preserved and their freedoms and human rights respected, and they want to be able to get out of the colony if things go wrong. The Rifkind-Qian meeting offered them no such assurances.

Emily Lau,
legislative councillor,
New Territories East,
8 Jackson Road,
Hong Kong

Japanese decision cuts against EU trend

From Mr Marco Bronckers.

Sir, Professor Hiroshi Oda and Mr Lloyd Evans have rightly called attention to the ruling of the Tokyo High Court of 23 March 1995 regarding the Japanese arm of BBS, the German vehicle parts maker, in which the court allowed parallel imports of patented products and thereby accepted the international exhaustion of patent rights ("New lines of trade", October 4). They state that this ruling should not surprise European lawyers and businesses because of their experience with the free movement of goods principle within the European Union.

However, the BBS ruling is quite surprising from a European law perspective. The European Court has been in favour of parallel imports within the European Union, but has allowed member states to block parallel imports from third countries. Furthermore, the EC Commission has abandoned earlier proposals to adopt international exhaustion of intellectual property rights in new legislation, notably in the trademark area. Intellectual property owners generally enjoy more protection now. In other words, the Japanese court decision cuts against the trend in European law.

The exhaustion of intellectual property right was the one fundamental issue on which the trade related intellectual property rights (Trips) negotiators could not agree. The developed world was generally thought to be in favour of a narrow exhaustion principle; the developing countries in favour of international exhaustion. The Japanese court decision, if upheld on appeal, may create fissures in the common front of the developed world in further World Trade Organisation negotiations on intellectual property protection.

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partner,
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The ninth

From Mr Jonathan Hoffman.

Sir, Your editorial "Go-ahead Czechs" (September 29) cites the Czech koruna as the first currency of the east European transition economies to meet the International Monetary Fund's standards of convertibility.

In fact it is the ninth. All the three Baltic countries accepted the obligations of the IMF's article VIII in 1994 and this year they were followed by Croatia, the Kyrgyz Republic, Moldova, Poland and Slovenia.

Jonathan Hoffman,
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A better form of meeting

From Mr E.G. Libby.

Sir, It was a pleasure to see a Lex piece again written by James Joll (October 2). His comment as ever contained things that needed saying and discussion of the conduct of company meetings is a subject that is sadly neglected.

If the forum he talks about is to be achieved, some action is needed to prevent private investors rights being further eroded. There is an increasing requirement for investors to have their stock held in nominee names, mainly in the interests of settlement. This means that unless special arrangements are made, the shareholder, even if admitted to an AGM, is unable to vote or speak. Many shareholders want to attend meetings on the spur of the moment and certainly not all company secretaries are clear as to the procedures to be followed.

A solution would be for registrars and nominees together to create a document issued as of right to all beneficial shareholders to establish their identity. The cases quoted by Mr Joll from the past were assisted by the vociferous help of private investors.

E.G. Libby,
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There will be a tax cut in US

From Mr Peter Rogers.

Sir, I found Jurek Martin's report ("Dole and Gingrich differ over tax cuts", October 3) just a rehash of Democratic rhetoric. There will be a tax cut. Unlike Bush and Clinton before them, the present Republicans, especially in the House, cannot and will not break a commitment on taxes. They believe in the novel concept that US taxpayers know how to dispose of their own money better and more effectively than politicians and bureaucrats. Gracious, could such an idea catch on in Europe...nah!

The real issue on Medicare/Medicaid is the very survival of these programmes. The annual report of the Medicare trustees in April of this year said the fund would be out of money within seven years unless urgent action was taken. As trustees, Clinton administration members Robert Rubin, Robert Reich and Donna Shalala all signed this document.

The Republicans are taking action and their proposal does not cut anything. "This year we will spend $4,800 per senior citizen on Medicare. At the end of our seven-year plan, we will spend $6,700 per senior citizen on Medicare." So said Newt Gingrich. By my calculation almost a 4.9 per cent compound growth rate – unless you're a Democrat when this size of increase becomes a "cut".

In September 1993 President Clinton was quoted in US Newswire as follows: "It is illogical, with inflation at 3 per cent and the population growth of Medicare and Medicaid between 1 and 1.5 per cent, to have those programmes going up between 12 and 16 per cent a year." He was proposing a reduction in the rate of increase and planning to use the savings for health care reform. Presumably the use to which the funds are used are key because, at the time, I don't remember any media outcry about "cuts" at the expense of the old and poor.

Peter Rogers,
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ARTS

Moses according to Schoenberg

David Murray hails Netherland Opera's new Peter Stein/Pierre Boulez production

At the Netherlands Opera, Pierre Audi's impresario genius has raised another landmark. For Schoenberg's *Moses und Aron* he has reunited Pierre Boulez and Peter Stein as conductor and producer, after their inspired collaboration on the Welsh National's *Pelléas*. He engaged the Concertgebouw Orchestra, ensured months of preparation (the chorus had 90 rehearsals), scheduled *ten* performances – and before the first night they were virtually sold out.

It was naturally beyond Audi's powers to ensure a definitive account of Schoenberg's uncompleted opera (1930-32), which is impressive but somewhat intractable. What, however, Boulez and Stein have achieved: largely by playing it rigorously straight, both the music and the composer's own libretto. Ignoring the text-fragment of Act 3, which was never set, they perform Acts 1 and 2 in a stirring hour-and-three-quarters without an interval.

Those are really self-sufficiant; the action describes a clean sweep, up and down. Moses meets the Burning Bush, discusses theology with "Aron" (there are various theories about why Schoenberg chose to spell him like that), displays his miracles with Aron's sales-pitch, and thereby rouses the oppressed Israelites to take courage and flee.

Act 2 finds the Israelites in the desert, fretful about Moses' long absence up the mountain talking to his invisible God. By way of giving them something tangible, Aron proposes worshipping the Golden Calf, and the famous Orgy ensues; Moses comes down with the Tablets and breaks them wrathfully; the Israelites fall into line and start off again – but guided still by Aron'a visual symbols, the "pictures" (the smoke by day and the fire by night) that Moses despises. He despairs, unable to find words for his higher vision.

Stein has staged all this with the utmost economy, and made it thoroughly dramatic. Karl-Ernst Herrmann's set is bare, with a rear wall of glass roundels soddenly, glaringly lit from behind in sections. Sometimes it is crisscrossed by a few neon strips. Nothing more but props: a Golden Calf, of course, and the bits Moses needs for his miracles, and in Act 2 a mountain-base in silhouette.

The chorus does all the rest. Mostly robed or suited in black, with some Jewish headgear, they move *en masse*: streaming across the scene, drawing into tight, anxious huddles, running in rings, flinging themselves into the orgy. On this wide stage, they enact a continuous tribal ballet around the central figures of the prophets; they make the lofty tensions and tides visible.

At Covent Garden, Peter Hall staged *Moses* with lavish "realism". The starker Salzburg Festival production was heavily political, with overt references to the fate of the Jews in modern times. Stein has put hardly anything on atage but what Schoenberg expressly prescribes, without extraneous detail, and it comes to astonishing life. The "orgy" Schoenberg imagines is a curious one, involving sub-orgies of gift-giving and human sacrifice as well as unbridled lust; Stein makes every part of the ritual effective.

Amsterdam being what it is, I doubt that the large number of naked bodies involved has any shock value. We see more of John Graham-Hall than ever before as Young Man and Naked Youth, and he sings robustly too; so, notably, do Laszlo Polgar as the reactionary Priest, and the cultivated Swiss mezzo Yvone Naef as the Invalid. There is beautiful ensembla chording from the Burning Bush, an unseen chorus who also speak, and the Four Naked Virgins.

Moses, almost entirely a spoken role, is the American *Heldenbariton* David Pittman-Jennings, and Aron is his tenor compatriot Chris Merritt: both of them strong and dignified, Merritt with an extra touch of preening mischief in Act 2, and both of them revelling in lucid German diction. Though Schoenberg's "12-note" score is harmonically dense, Boulez renders it almost transparent, lean and forceful without Expressionist bumps. This *Moses und Aron* sets a standard for a long time to come.

Theatre

Noisy return of a female Don Juan

Ödön von Horvath's *Don Juan Comes Back from the War* is just the sort of … with which the Gate Theatre in Notting Hill usually …els – challenging, epic, …ropean, theatrical. It is a … then to find that Joseph …tchley's production for …, though dynamic, is only …lly successful at conveying … scale and bite of the Austro-Hungarian playwright's …ical piece.

… Horvath's play (translated … Christopher Hampton), Don … returns from the front of … Great War to discover that …h has changed – including, … Blatchley's all-female production, his sex. Blatchley …s an actress in the part …ing the chastened Don a …ous, androgynous figure, … remains strangely impassive as he roams battered, war… Europe searching for the …cée he abandoned in his …andering hey-day, and is …ulted by countless embit… women.

…atchley embraces the …'s emphatically theatrical …re: here, in a post-war …eland, a group of dispos…ed women act out each …, tying their rags in differ… styles for each port of call … on Juan's sad journey – … hospital, the café, the ice… the bordello.

… do get a sense of the …tating picture that Horvath offers of Europe between … wars – a world of moral … social decay in which … reservation, materialism … exploitation are the main …g forces (little wonder …e was no favourite with …'s government). Here, no … how determined Don … may be to reform, the … social forces that hold … force him back into his …

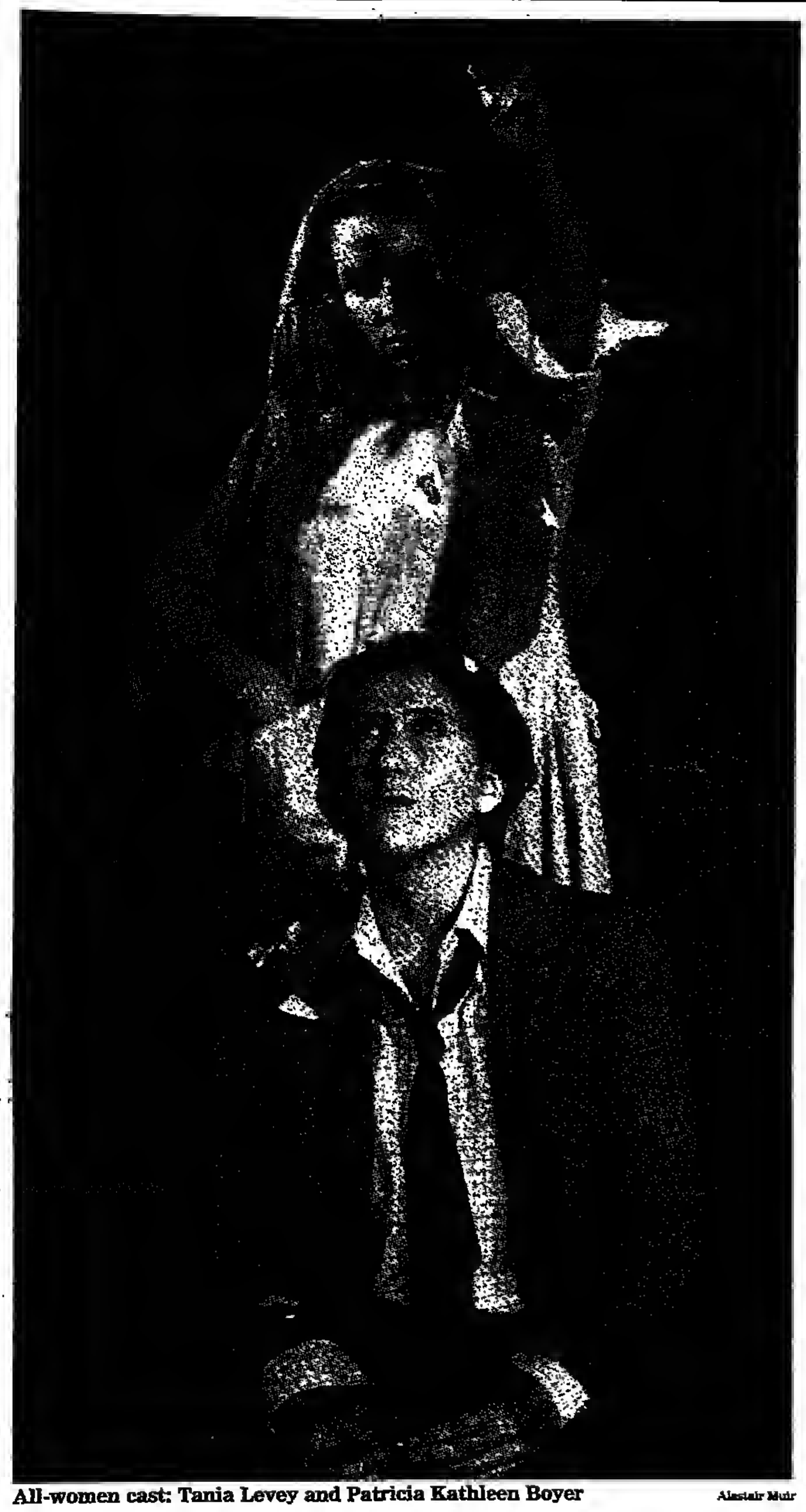
… what is much harder to … in this staging is the psy…ical terrain that Horvath …es. This is blurred partly … level of hysteria that … through the production – …ns with the entire female … creeching at once and …ues on much the same … for the duration – and … by the casting of Don …

…icia Kathleen Boyer's …ced, perplexed Don is …atic to the point of …ability, suggesting dis…tion, but not much else. … may be intended to be … a figure onto whom … project their fantasies …ression, or the spirit of rapacious machismo that has been cooled by war, or a tragic, romantic hero out of his time, or all three and more besides – it is hard to decipher where this reading is leading you.

With such an opaque Don at its centre, there is no sense in the production of a lone man among women, no friction between male and female, and the rest of the cast tend to spiral into raucous noise at every confrontation. Watching it is rather like surveying a landscape covered by snow – you sense that there is far more to it, but the details of the features that distinguish it remain tantalisingly buried and blurred.

Sarah Hemming

Continues to October 21 at the Gate Theatre, London W11 (0171-229 5387).



All-women cast: Tania Levey and Patricia Kathleen Boyer — Alastair Muir

Poet of earth and spirit

Peter Forbes on the Nobel Prize winner Seamus Heaney

Seamus Heaney has long been a world ambassador for poetry – the Nobel Prize is, for once the confirmation of a status already unofficially granted. He is the first Irish poet since Yeats to win the prize and that, again, seems only right. Heaney has also long been personally and professionally associated with a glittering array of international poets – the Pole Czeslaw Milosz, the Russian Joseph Brodsky, the Saint Lucian Derek Walcott – and from today the group has a full hand of Nobels, an unprecedented situation in the history of the prize.

Born in 1939 in Mossbawn, County Derry, the son of a Catholic farmer, Heaney found his voice as a poet whilst studying at Queen's College, Belfast. He was one of the first Catholic scholarship boys and his early work is full of the wonder of turning a rural upbringing into words. He has always regarded words as buried treasure – "between my finger and my thumb/the squat pen rests. I'll dig with it." and "trust the feel of what nubbed treasure/your hands have known" – to be unearthed and lovingly rolled across the tongue, a tendency that reached its peak in his 1975 volume *North*.

In the 1960s and '70s, particularly, the Troubles loomed large in his poetry. He himself characterised his attitude as "my responsible tristia". The poem "Punishment" ends: "I who have stood dumb/when your betraying sisters,/cauled in tar,/wept by the railings,/ who would connive/in civilised outrage/yet understand the exact/and tribal, intimate revenge". Elsewhere, in "Exposure", he describes himself as "an inner émigré, grown long-haired/And thoughtful; a wood kernel/escaped from the massacre."

Heaney might have been content with his reputation as a poet but he is also a brilliant lecturer and essayist. His stint as Oxford Professor of Poetry 1989-94 has just born fruit in *The Redress of Poetry* (Faber). The late Donald Davie, himself a great critic, writing on this book in the current Poetry Review, praises Heaney's exemplary public stance: "He has consistently refused, in the face of tempting offers, to be either outlandish or partisan. This means that when, every few years, he puts into print some of his addresses and lectures, the book is always important; for it represents a considered statement by the acknowledged authority on where poetry has got to."

Davie also comments on the great change that has come over Heaney's work in the last 10 years or so: "a change...from Caliban to Ariel, from a poetry that is of the earth to a poetry that is more rarefied and for many readers more elusive". This change has gone hand in hand with Heaney's interest in the poetry of eastern Europe; Heaney saw in both Northern Ireland and eastern Europe that utterance was circumscribed by politics – in Ireland the watchword was "whatever you say, say nothing"; in eastern Europe oblique, parabolic forms were necessary during the Communist years. His interest in eastern Europe is perhaps less urgent now and he has recently translated, with Stanislaw Baranczak, the 16th century *Laments* of Jan Kochanowsky.

At present Heaney divides his time between Dublin, where he has lived for many years, and Harvard, where he is the Boylston Professor of Rhetoric. He is a busy but genial and approachable man, with a fund of generosity towards other poets. He remains prolific. Besides *The Redress of Poetry* and *Laments*, a new collection, *The Spirit Level*, will be published by Faber in May.

Seamus Heaney's career has been garlanded with celebrations. He should take this one in his amiable stride.

Peter Forbes is Editor of 'Poetry Review'

Sponsorship/**Antony Thorncroft**

Drama pulls in the money

For years, theatre was the poor relation of arts sponsorship. Unlike classical music or ballet, it could be unpredictable: critics might mock a sponsored play, guests might be shocked. But suddenly there is a flurry of corporate interest in supporting drama.

The main player is Barclays Bank. Over the past five years Barclays has invested £1m in New Stages, a scheme which helped companies working that most ignored of dramatic seams – experimental theatre – to develop 50 new productions. Each year selected works were given a London showcase at the Royal Court.

The Royal Court is to close for two years for re-development but Barclays is sticking with the formula, until 1998 at least, and will present New Stages at the RC's temporary home, the Duke of York's.

Now Barclays plans to build on its theatrical links. Later this month it will launch a joint scheme with the Arts Council to support another beleaguered area of British drama, the regional theatres, which is suffering from frozen subsidy and falling box office receipts.

Barclays and the council will each contribute £1m over three years to help regional theatres which come up with the best ideas for new productions that will then tour the country. The aim is to improve the level of theatre that audiences in Nottingham, Leeds, Bristol, Liverpool, etc. can expect to see. The Arts Council will not be allocating new money – it will come from its touring budget – but the bank's contribution should prove a lifeline for those regional reps that have managed to survive.

Another initiative to stimulate the theatre at its grass roots was announced last week by Guinness. "Ingenuity" offers £50,000 a year to be divided equally among the five pub theatres in London which plan the most imaginative new productions, in time "Ingenuity" will be countrywide, but for 1996 at least it will be competed for by the 20-odd pub theatres in London.

The scheme is being filtered through the National Theatre, which will provide the chair of the judging panel in its executive director Genista McIntosh, as well as let the winners use its facilities to work up the projects and provide marketing support. Guinness likes pub theatre, not least because the audience can simultaneously watch the play and drink.

Next week the largest British sponsor of the theatre, Allied Domecq, will make a half-way progress report on its three year link with the Royal Shakespeare Company, which, at £1.1m a year, is the biggest arts sponsorship in the UK. Initial research is encouraging, and the company has effectively used the overseas tours of the RSC to boost its international marketing. Allied Domecq also supports pub theatre, funding a £5,000 new writing competition in partnership with the Bush Theatre.

★

Corporate entertainment remains the driving force behind many sponsorships, but there is no reason why it should turn into a junket for the black ties. Guests are often happier if they can be introduced to new, preferably young, talent. That is the starting point for Akzo Nobel, which last month hosted an evening at the Birmingham Symphony Hall which featured two young prize winning soloists, Yayoi Toda, the Japanese violinist who won the Queen Elisabeth International competition in Belgium, and Ricardo Castro, the Brazilian who took the Harvey Leeds piano prize.

"Akzo Nobel for Young Talent" signed up the two soloists and is laying on nine concerts for them over three years throughout the world, providing a boost for their careers at a vital time and enabling the Dutch based chemical and pharmaceutical company, not yet high profile, to entertain existing and prospective clients with some artistic integrity. The venture costs Akzo Nobel around £250,000.

Another company which is not as familiar as its size merits, IBJ, the Japanese bank, has also chosen classical music as a means of entertaining key contacts. Last month it sponsored the LSO's first concert of the season at the Barbican, featuring the 14-year-old-Korean violinist Sarah Chang. This marked the end of a £45,000 three year contract, which is being renewed for another three years.

★

Finding sponsors for Africa 95, the celebration of African arts currently sweeping the UK, was not easy. In the event, with government help and support from foundations, £2.7m has been raised, half the cost of the festival, with Blue Circle, BA, Barclays Bank, and Morgan Grenfell leading the corporate contributors.

The main event is the mammoth show of African art which opened this week at the Royal Academy (reviewed in tomorrow's Weekend FT). The RA's sponsorship department laboured long and hard trying to raise funding for what, at a cost of over £1m, is one of the most expensive exhibitions it has ever mounted. In the event just over £400,000 was accumulated, with Anglo American, and its sister companies De Beers and Minorco, finding most of the money. The RA now needs big audiences.

…ERNATIONAL

ARTS GUIDE

…NTWERP

…BALLET

…nse Opera Tel: (03) 233 …

…Marriage of Figaro: by … A new production directed … Moosten and conducted by …ckens. Soloists include Boje …, Gillian Webster and … Gadd; 7.30pm; Oct 14

…ALTIMORE

…RTS

…ny Hall Tel: (410) 783 8000

…more Symphony Orchestra: …Hayman conducts an … salute to the world's … singers; 8.15pm; Oct 6, 7, 8

… Philadelphia Orchestra: … Sawallisch conducts … "Faust, Overture", … by No.2" and "Rienzi, … and Beethoven's … ny No.4"; 7.30pm; Oct 11

…ES

… Museum Tel: (410) 396 …

…ating Calder: sculpture, jewellery, drawings and tapestries by the 20th century artist Alexander Calder; to Jan 7

BERLIN

CONCERTS

Konzerthaus Tel: (030) 309 21 02/ 21 03

● Berlin Symphony Orchestra: with oboist Martin Gabriel. Yoël Levi conducts Greig, Mozart and Bartók; 8pm; Oct 7, 8 (4pm)

OPERA/BALLET

Deutsche Oper Tel: (030) 34384-01

● Das Rheingold: by Wagner. Conducted by Jiří Kout and directed by Götz Friedrich. This is the first part of the complete "Ring Cycle" to be performed in October; 7.30pm; Oct 8

● Die Walküre: by Wagner. Conducted by Jiří Kout, and directed by Götz Friedrich; 6pm; Oct 8

● Madame Butterfly: by Puccini. Conductor Sebastian Lang-Lessing, production by Pier Luigi Samaritani; 7.30pm; Oct 13

● Siegfried: by Wagner. Conducted by Jiří Kout and directed by Götz Friedrich; 5.30pm; Oct 12

LONDON

CONCERTS

Queen Elizabeth Hall Tel: (0171) 928 8800

● London Mozart Players: with pianist Cécile Ousset. Matthias Bamert conducts Mozart, Fauré, Saint-Saens and Bizet; 7.45pm; Oct 11

Royal Festival Hall Tel: (0171) 928 8800

● Philharmonia Orchestra: with pianist András Schiff. Kurt Sanderling conducts Beethoven's piano concertos two, three and four; 7.30pm; Oct 7

● Philharmonia Orchestra: with pianist András Schiff. Kurt Sanderling conducts Beethoven's "Piano Concerto No.1" and "Piano Concerto No.5 (Emperor)"; 7.30pm; Oct 11

● The London Philharmonic: with pianist Rolf Hind. Franz Welser-Möst conducts Sibelius's "Finlandia" and "Symphony No.1" and Ruder's "Piano Concerto"; 7.30pm; Oct 10

GALLERIES

Royal Academy Tel: (0171) 439 7438

● From Manet to Gauguin: impressionist and post-impressionist paintings from Swiss private collections; to Oct 8

OPERA/BALLET

Royal Opera House Tel: (0171) 304 4000

● The Marriage of Figaro: by Mozart. Conducted by Bernard Haitink/David Syrus and directed by Patrick Young. Soloists include Felicity Lott/Cheryl Studer, Andrea Rost/Barbara Bonney and Robin Leggate/Ryland Davies; 7pm; Oct 7, 10, 13

● Tosca: by Puccini. Conducted by Simone Young and directed by Jeremy Sutcliffe. Soloists include Galina Gorchakova, Johan Botha and Francis Egerton; 7.30pm; Oct 9, 12

NEW YORK

CONCERTS

Avery Fisher Tel: (212) 875 5030

● Daniel Barenboim: pianist plays Beethoven's "Sonata in C", Brahms' "Sonata in F" and Schoenberg's "Three Pieces"; 3pm; Oct 8

Carnegie Hall Tel: (212) 247 7800

● José van Dam: bass baritone in his only New York recital is accompanied by pianist Maciej Pikulski. The programme includes Schumann, Brahms and Wolf; 8pm; Oct 6

● Maurizio Pollini: pianist plays Beethoven's "Sonatas" one to four; 3pm; Oct 8

● New Orleans to Now: with the Carnegie Hall Jazz Band, this concert gives an overview of the history of jazz from early New Orleans through to the swing years of bebop; 8pm; Oct 12

GALLERIES

Guggenheim Tel: (212) 423 3500

● Claes Oldenburg: an anthology of works by one of the key figures of Pop art in the 1960's. This exhibition includes a new piece entitled "Shuttlecock"; from Oct 6 to Jan 14

PARIS

CONCERTS

Champs Elysées Tel: (1) 49 52 50 50

● José van Dam: bass baritone accompanied by pianist Maciej Pikulski plays Schubert's "Le Voyage d'Hiver"; 8.30pm; Oct 14

● National Orchestra of France: with pianist Viktoria Postnikova. Guennadi Rojdestvenski conducts Prokofiev's "Concerto No.2" and "Concerto No.3"; 8pm; Oct 7

● Symphony Orchestra of Taipei: with pianist Nelson Freire. Cju-Sen Chen conducts Rachmaninov's "Concerto for Piano and Orchestra No.3" and Stravinsky's "L'Oiseau de Feu"; 8.30pm; Oct 9

GALLERIES

Centre Georges Pompidou Tel: (1) 42 77 12 33

● Man Ray: recreation of the atmosphere of Ray's post world war two workshop where he produced various furniture. This exhibition consists of paintings, drawings and photographs from the workshop archives; to Jan 29

● Surrealistic Designs: vision and technique. About 60 masterpieces by artists such as Ernst, Masson, Brauner, Dali, Miró and Picasso; to Nov 27

Musée d'Art Moderne, Ville de Paris Tel: (1) 47 23 61 27

● Louise Bourgeois: sculptures and drawings from 1938-1995. Significant art works that chart her different styles; to Oct 8

OPERA/BALLET

Châtelet Tel: (1) 40 28 28 40

● New York City Ballet: in a programme that includes the Balanchine choreographed "Cocerto Barocco" and "Walpurgisnacht Ballet" plus Tanner's "Ancient Airs and Dances" and Martin's "Fearful Symmetries"; 8.30pm; Oct 6

● New York City Ballet: performs the Robbins choreographed "Watermill" with music by Ito and "The Goldberg Variations" with music by Bach; 8.30pm; Oct 7 (3pm)

Opéra National de Paris, Bastille Tel: (1) 47 42 57 50

● Romeo and Juliet: music by Prokofiev, choreography by Rudolph Nureyev and directed by Ermanno Florio/Vello Pähn; 7.30pm; Oct 8, 7

VIENNA

CONCERTS

Gesellschaft der Musikfreunde Tel: (1) 505 1363

● Austrian Radio Symphony Orchestra: with alto Iris Vermillion. Pinchas Steinberg conducts Einem, Korngold and Bruckner; 7.30pm; Oct 13

● Recital Evening: with baritone Andreas Schmidt and pianist Rudolf Jansen; 7.30pm; Oct 14

WASHINGTON

CONCERTS

Kennedy Center Tel: (202) 467 4600

● National Symphony Orchestra: with pianist Horacio Gutiérrez. Raymond Leppard conducts Brahms' "Tragic Overture" and "Piano Concerto No.1" and Schubert's "Symphony No.4"; 7.30pm; Oct 12, 13, 14

GALLERIES

National Gallery Tel: (202) 737 4215

● A Great Heritage: Renaissance and Baroque drawings from Chatsworth consisting of 105 works by artists such as Rembrandt, van Dyck and Raphael; from Oct 8 to Dec 31

THEATRE

Kennedy Center Tel: (202) 467 4600

● Hello Dolly: by Jerry Herman. New production starring Carol Channing; to Oct 8

Roundhouse Theater Tel: (301) 933 1644

● Nora: by Henrik Ibsen, adapted by Ingmar Bergman and directed by Tom Prewitt. Drama with the doll-like young wife; 8pm; to Oct 8

Studio Theater Tel: (202) 332 3300

● Slavs!: Thinking About the Long Standing Problems of Virtue and Happiness. By Tony Kushner and directed by Dan DeRaey. A surrealistic montage of post-Soviet culture; 8pm; to Oct 8

WORLD SERVICE

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17.30 *Financial Times Business Tonight*

Midnight *Financial Times Business Tonight*

MANAGEMENT

JOHN KAY

A warning for the media gamblers

AT&T is to be divided into three parts – equipment, global information systems and telecommunications. The company's equipment manufacturing activities date back to the era when it virtually dominated US telecommunications.

AT&T's involvement in computers is more recent. The firm perceived (rightly) that the boundaries between data processing and data transmission were becoming blurred, and concluded (wrongly) that it should therefore blur them in managing its own business.

With the split-up, AT&T has recognised two general lessons. Convergence of technology need not imply convergence of companies. And vertical integration which makes sense for a monopoly often loses its rationale when markets become competitive.

Those behind the current wave of media mergers would do well to learn these lessons, as they talk of nothing but integration and convergence. The merger of Disney and ABC/Capital Cities is hailed as the deal of the decade. Westinghouse has just bought CBS. And Time-Warner has followed the pack with its acquisition of Ted Turner's media empire.

Peaches and cream may go well together but that is not a reason why dairy farmers should grow peaches. Solicitors need pink tape but that doesn't mean that law firms have to acquire ribbon manufacturers. It is hard to believe that industries could be restructured on the basis of arguments as superficial as these. Yet this is happening in the world's media business: and its well-paid executives are hailed as business titans for perceiving these connections between products.

Now there can be good arguments for convergence and integration. Perhaps there are cost savings from combined production – feeding the cows with peaches might give you the joint product more cheaply than mixing them in the bowl. Perhaps the skills of the peach grower are readily applicable to diary farming. And if the ability to make pink tape is a rare skill, then taking control of its producers may enable you to hold your legal rivals to ransom. But without these factors – significant cost savings from integrated manufacture, common distinctive capabilities, or the opportunity to lever market power from one market into another – integration and convergence give no advantage, and limit your ability to seek the most effective suppliers, distributors and co-producers.

Michael Ovitz, heir-apparent to the new Disney kingdom, boasts that attaching a studio to a network gives Disney distribution of its product. But will Disney, with a repertoire that its competitors would kill for, encounter any difficulty obtaining distribution of its product? Must Kellogg buy Sainsbury's to get access to its shelves?

It is easy enough to see how the confusion comes. For 50 years, broadcasting was controlled by networks. The scarcity of bandwidth gave those who controlled it dominance, not just of the process of delivery, but also of publishing and the original talent. But now their network monopoly has gone. With satellites and cables, video shops and multimedia, there are more ways of distributing electronic media than anyone had imagined, and more to come.

So who controls the brave new world? A few years ago, the conventional wisdom was that control would lie with the owners of talent – hence the ruinously expensive acquisitions of studios by Sony and Matsushita. Then the focus switched to cable companies. Next the industry thought that telephone companies had the key to the future. Today, attention has switched back to networks.

But all this misses the point. What was once scarce is now plentiful, and that means traditional broadcasters have lost their dominance and that no one else is ever likely to have it. Just as the invention of cheap printing meant no one could again control the dissemination of written information, so the arrival of cheap ways of transmitting data means no one can ever again control the dissemination of electronic information. Not broadcasters, not Disney, not Microsoft, not governments.

The future of these new media industries lies in the fragmented, competitive structure which, despite attempts to change it, remains the essence of the old media industries. The tripartite structure of talent, publishing and delivery comes about because the respective skills of creativity, marketing and finance, and manufacture and distribution, are distinct, and mix badly; and are best exploited when individuals and firms are free to find the best outlets for their work unconstrained by ties of ownership. Far from being about to begin, the era of vertical integration has already gone.

There are golden commercial opportunities for those who see clearly the future of the new media industries. They will be most golden for those, such as Rupert Murdoch, who are adept at seizing transitory opportunities to gamble on new products. But the essence of that future is a competitive market.

The author is chairman of London Economics and visiting professor of economics at the London Business School.

Media industries: the tripartite structure

	Books	Music	Film	Electronic media
Talent	Authors	Composers Musicians	Directors Stars	Producers Stars
Publisher	Publishers	Publishers Distributors	Studios	Publishers
Delivery	Printers/ Bookshops	Pressing factories Concert halls Record shops	Cinemas Video shops	Too many to list

Roger Matthews describes how the philosophy of 'ubuntu' is being applied to business

African dream

Lovemore Mbigi: Ubutu is 'as relevant to Brixton and Harlem as it is to Soweto'

Africa in general, and South Africa in particular, needs a new philosophy of management to bind past wounds and create the basis for sustained human development and economic growth. The experience of the US, Europe and Asia is relevant, and can be adapted, but core African values are best suited for local conditions. Total quality management, total production management, and business process re-engineering may all have their place, but they do not tap the essence of African survival techniques. What Africans must do is explore and develop the spirit of "ubuntu".

This is the message of Lovemore Mbigi, executive director of Nampak management services, whose book, *"Ubuntu, the Spirit of African Transformation Management"* (coauthored by Jenny Maree) attempts to show how community experiences can be adapted to the modern workplace.

"If South African companies are to be competitive in global markets they have to learn to harness the collective will, intelligence and energy of their people by creating enterprising communities through the canonisation of ubuntu," he says. "They have to select the best business practices and then create team practices that are in harmony with the values of ubuntu."

Put simply, ubuntu means encouraging individuals to express themselves through the group. According to Mbigi it is the foundation of much African society and appears most obviously in adversity. It showed itself through the rent strikes and other community actions taken in South Africa during the struggle against apartheid. It reveals itself in the caucuses and search for consensus among the African National Congress and the black trades unions.

"Often it is not a conscious, but an implicit practice, as relevant to Brixton and Harlem as it is to Soweto. It includes great pressure to conform, or be ostracised. The challenge is to harness that collective solidarity and to use it to raise up disadvantaged societies, whether they are in deprived inner cities or the workplace," says Mbigi. "We hear much now in South Africa about the demands and rights coming from democracy, but what is lacking is the sense of obligation and duty that is also inherent in the process."

However, the idea that there might be a peculiarly African answer to South Africa's management challenges has not drawn an enthusiastic response from other, mainly white, consultants. They accuse Mbigi of romanticising urban poverty into an example of the collective spirit of ubuntu, and claim that if his ideas gained acceptance it would imply that white managers could not operate without a black consultant. If South Africa is to compete globally it must use and adapt established practices, they argue.

The problems of defining ubuntu in a management context are recognised by Velaphi Ratshefola, a Soweto-born labour lawyer, who for the past year has been production manager in Europak's packaging factory midway between Johannesburg and Pretoria. "As labour lawyers our job was to dominate the unions. Now that has all changed and we want to try new things. Which is why we are now employing elements of ubuntu. A lot of what we are trying to do here started in the classroom," he says.

Ratshefola inherited production lines that were losing money and a workforce riven by racial and political conflicts, strikes and low productivity. Jobs were mostly defined by colour and gender. In the past year much of that has changed. Workers meet regularly with management along the lines of the workplace forums which will become widespread under new labour relations legislation.

Another of Ratshefola's early initiatives was to announce that management would not fire any workers. Instead, the workers would, if necessary, dismiss themselves. After a first offence, such as absenteeism or drinking alcohol on the premises, the culprit appears before the production line team. The apology, if accepted by the team, has to be accompanied by the culprit's forecast of the appropriate punishment for a further misdemeanour. As that is invariably dismissal, the die is cast. "So I have not had to sack anyone," said Ratshefola. "Although I do have to go through the correct legal procedures, it is always with the prior agreement of the team."

A similar process is used for taking on staff, and for the appointment of team leaders. Applicants, arriving in their best suit and expecting to be interviewed by the production manager, instead find themselves confronted by a dozen people in work clothes. Ratshefola says he accepts their verdict, but admits to being discomfited by being out-voted on his preference for a team leader.

"When it comes to promotions, the jobs are advertised in the usual way. I try not to stress the need for academic qualifications, because that tends to work against people who may be leaders in their own societies. People are encouraged to say what they can bring to the job, and there is a certain amount of lobbying, as in politics. I am part of that, and sometimes lose," says Ratshefola.

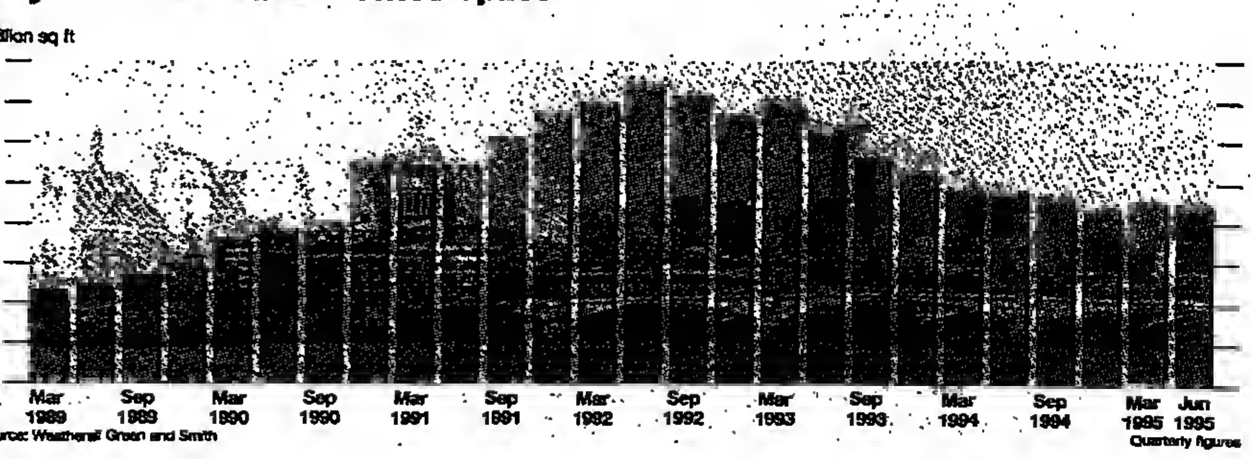
But, says Ratshefola, this is all part of encouraging expression within the workplace, which includes prayers before work, "with everyone praying to whatever ancestor or god they wish", and communal singing. If that all appears like a gimmick, the results are beginning to show. Nampak, the parent company, had considered shutting the Europak plant, but losses have now been eliminated. A new shift structure, including weekends, has been introduced, overtime eliminated, and productivity is rising.

"Neither black, white or coloured, women or men, would have believed a year ago that they would be working like this," says Ratshefola. "We still have a lot to do to get things right. But at least people can now see that it is possible to change, and by so doing protect their jobs. If this works out, what we have achieved here could become standard practice throughout the group."

Whether this is ubuntu in practice, or an amalgam of international practice, may be a matter of debate, but in the South African context Mbigi and Ratshefola believe they are tapping human resources that will serve their country.

THE PROPERTY MARKET

City of London vacant office space



Source: Weatherall Green and Smith

Cranes may follow Canary

Simon London on the purchase's effect on the City of London

All sides are trying to play down the implications of the acquisition of Canary Wharf, the large office development in London's docklands, by a consortium led by Mr Paul Reichmann, the Canadian who masterminded its development in the late 1980s.

Mr Reichmann's consortium, known as the International Property Corporation (IPC), says that it has no immediate plans to add to the 4.5m sq ft of office space at Canary Wharf.

The Corporation of London, the local authority for the City, argues that the Square Mile will successfully defend its position as London's financial services hub. Canary Wharf's management, led by Sir Peter Levene, the prime minister's efficiency adviser, says it is business as usual.

The reality is rather less prosaic. If the £800m ($1,265m) deal is completed in December, as planned, Canary Wharf will be in the hands of long-term property investors rather than a disparate group of banks.

Although the IPC investors have no definite plans to build additional phases, Mr Reichmann is known to be keen to establish Canary Wharf as London's third business centre on an equal footing with the City and West End.

The investors gathered around him – including Prince al-Waleed bin Talal bin Abdulaziz of Saudi Arabia and Mr Michael Price, the US fund manager – have more than enough financial muscle to fund further phases when they believe the time is right.

It is not clear that all of them would join moves to expand Canary Wharf. Mr Reichmann is a property developer by instinct; Prince al-Waleed, for one, is likely to be more circumspect.

But there is nothing to stop Reichmann International from raising construction finance from elsewhere if the other IPC investors are not prepared to build. The change of ownership almost certainly brings forward the day when construction cranes again grace the docklands skyline.

And whatever it says in public, the Corporation of London will have to work harder to maintain the City's position as London's undisputed financial services hub.

The Corporation is already responding having been stung into action eight months ago by the decision of Barclays de Zoete Wedd, the UK investment bank, to decamp from the City to Canary Wharf.

The Corporation is pursuing a twin-track strategy. First, it has stepped up its courtship of big banks and companies known to be looking for very big modern buildings.

The Corporation's economic development unit has identified about 100 organisations which will be looking for office space in the City within the next two years. These include investment banks such as ABN Amro and Westdeutsche Landesbank and Liffe, the futures and options exchange.

Recent City takeovers are also likely to stimulate demand for very large new buildings as investment banks look to consolidate staff on a single site. Merrill Lynch is looking for a very large building following its acquisition of Smith New Court. Swiss Bank Corporation and SBC Warburg may also want to consolidate.

All of these tenants enjoy what may prove to be a uniquely strong bargaining position as the City and Canary Wharf vie for their attention. For example, the Corporation is a substantial property owner, able to offer rare City freehold sites to important tenants.

The second part of the Corporation's strategy is trying to promote the development of new buildings suitable for financial services tenants.

The Corporation's latest schedule of development, published this week, shows that planning permission has been granted for about 14m sq ft of offices. Canary Wharf has planning permission for an additional 8m sq ft.

The worry is that too many City schemes, especially larger ones, are not financially viable at current rents or require a revised planning consent to make them viable.

One persistent complaint in the development community is that the Corporation and English Heritage, which acts as watchdog for England's built heritage, have prevented development within conservation areas, which cover 34 per cent of the City.

The facts do not entirely bear this out. In the five years to 1994, about one-third of all new City office development took place in conservation areas. Since 1994, when new government planning guidelines were published, permission has been granted for 1.46m sq ft of new office space in conservation areas, including six schemes of more than 100,000 sq ft.

Even so, in response to developers' concerns, the Corporation has embarked on a review of conservation areas which will pinpoint sites suitable for redevelopment.

Whether these initiatives by the Corporation will be enough is a moot point.

The Corporation is aware of the problem. Its development schedule states: "The Corporation continues to encourage the full range of mix of uses that the City needs to maintain and enhance its competitive position – including retail, education and, particularly on the City fringes, residential property."

In the words of one prominent property developer: "The City has become a financial services monoculture. The lesson from the natural world is that monocultures are fragile."

Correction
Moscow

The chart with the property column of September 22 showed prime office availability in Moscow in millions of square metres. This should have read thousands.

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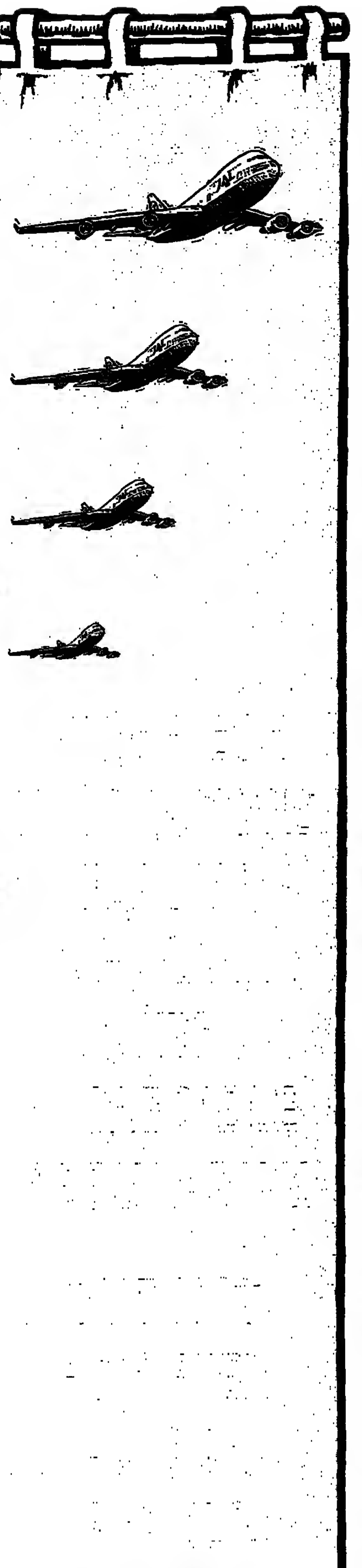

'I'm not comfortable with the idea of voting on a bland statement'

Names wary of recovery terms

By Ralph Atkins, Insurance Correspondent

The Lloyd's of London insurance market said yesterday that its finances were stronger than expected and that delays in its radical recovery proposals would not stop the insurance market seeking members' approval for the plan next month.

Its attempts to restore confideoce in the recovery plan wara undermined, bowever, when lossmaking Names axpressed concern at being asked to support the recovery plan without being told how much it would cost them.

Lloyd'a confirmed that a report being aent to Names later this month would not include indicative individual financial statements. Names are individuals whose assets have traditionally supported the insurance market. A separate vote to approva a £450m ($697m) levy on those underwriting since 1993 has also been shelved, probably until early next year.

The recovery plan involves transfering billions of pounds of US asbestosis and pollution liabilitiea into a new reinsurance company, Equitas, and softening its cost with £2.8bn in debt-write offs and cash. The £2.8bn settlement is also intended to end litigation hindering debt collection by Lloyd's.

Mr David Rowland, chairman, refused to commit Lloyd'a to including in this month'a raport figures on contributions to the plan from auditors, brokers or "stop-loss" underwriters which provided cover to Names against excessive losses.

Mr Damon de Lazlo, a Names' action group leader, said: "I'm not comfortable with the idea of voting on a bland statement in which I don't know the detail. My concern is that abstentions would ba damaging to the image of Lloyd's."

Further highlighting the tension involved in negotiating the plan, Mr Peter Middleton, Lloyd's cbief executive, rebuffed snggestions from auditors that they had to be included in any deal with Namea to stop Lloyd's litigation. Lloyd's is looking for a substantial contribution from auditors but Mr Middleton said a settlement was possible without them.

Many hurdles on path to recovery

By Ralph Atkins

Delay in Lloyd'a of London's recovery plan was almost inevitable. Yesterday's timetable changes reflect the difficulties of rebuilding the 300-year-old market – and of keeping the support of thousands of embittered Names who have borna losses of more than £8bn in recent years.

The crucial question is, has the setback knocked the plan to secure Lloyd's future off course? By next spring Lloyd's hopes to have, in effect, divided itself in two. Outstanding liabilities (mainly from US asbestosis and pollution claims) would be transferred to a £16bn reinsurance company, Equitas. That would leave a clean, and hopefully profitable, "new" Lloyd's.

Nevertheless considerable hurdles remain. They include:

- Winning a vote on the plan due in late November without having giveo full information to Names. Postponing the vote would damage policyholders' and investors' confidence.
- Resolving a dispute over whether personal stop-loss policies – insurance bought by Names supposedly to protect against large losses – will cover Equitas bills.

Negotiations are continuing but could end in court. Even if resolved, calculating the impact of stop-loss policies is complex because many were underwritten within Lloyd's by other Names, creating a tangle of claims.

- Agreeing contributions to the settlement offer. "Errors and omissions" insurers, which covered Lloyd's agents being sued by Names against negligence awards, are playing tough but the plan assumes they contribute at least £800m ($1.24bn).

Auditors being sued by Names are also making clear that they will be no pushover. Suggestions that they might contribute £200m were described this week by a senior partner at one firm as "laughable".

Insurance brokers are also being asked to contribute. But Mr Rowland was unable yesterday to say whether it would be clear before this month's progress report how moch would come from brokers, auditors, or even errors and omission underwriters.

- Allocating the settlement fund. Representatives of loss-making Names suggest tbe present £2.8bn needs to rise to £3.5bn for a fair distribution. The danger is of "won't pays" being bailed out at the expense of those who made big losses but loyally paid their bills.
- Court battles. Judgment is due soon in the case brought by Lloyd's to test the ability of agents at the market to collect money from Names, even if the Names are litigating. More critical is a case dne to be heard in January on whether Lloyd's breached European Union anti-competition law by setting up a central fund to guarantee policies which, if Lloyd's lost, might trigger a flood of claims for compensation.

Mr Rowland and Mr Middleton know these problems have to be addressed. Their tactic is to seek a consensus on Lloyd's recovery plan in the belief that if enough goodwill can be built, intractable problems will be resolved. It is not an easy task given the anger of many Names. But if the consensus begins to erode, the plan's future would really be tested.

- Mr Michael Deeny, chairman of the Gooda Walker action group, announced yesterday that he is running for Lloyd's ruling council.

How the saga is meant to unfold

LLOYD'S
LLOYD'S OF LONDON

Oct Names to be given report on recovery plan

Late Nov Lloyd'a to seek support from membership in a vote

Dec Lloyd's to seek British government'a authorisation for Equitas

Early 1996 Vote expected on levy to raise an estimated £450m from members underwriting at Lloyd's between 1993 and 1995

Spring Final bills to Names and distribution of settlement offer in return for agreement to cease litigation

Unions lose some consultation rights

By Robert Taylor, Employment Editor

Recognised trade unions will no longer have an automatic right to be consulted by employers over redundancies and business transfers in government regulations laid before parliament yesterday.

Employers will be able to decide for themselves how they consult as long as it is done with employee representatives. Many workers who do not belong to unions will gain the legal right of consultation by employers.

The regulations, which come into force on October 26, will bring UK law into line with the rest of the European Union. This follows a judgment in the European Court of Justice in June last year that said the UK was failing to implement directives on collective redundancies and acquired rights. The directives oblige companies to consult designated representatives of workers.

But the new regulations will apply only where an employer proposes to dismiss 20 or more employees at one establishment over a 90-day period. At present UK law requires employers to consult where there are recognised unions.

The government bebeves 96 per cent of businesses will be able to avold the new regulations as a result of the stipulation on the number of redundancies covered, and this will save companies £85m ($132m) a year by ensuring they do not have to spend money on consultation.

The regulations do not require an employer to create "standing arrangements" in the company for consultation. The government believes many employers will never, or infreqnently, need to declare redundancies or be involved with a business transfer. Ad hoc arrangements are all that is required to comply with European law, it argues.

Mr Jonathan Evans, the competition and consumer affairs minister, said: "We believe it is right that an employer should have freedom of choice."

Mr John Monks, the Trades Unioo Congress general secretary, said he would urge the European Commission to take further action against the government.

Bank may cut rural pay rates

By John Gapper, Banking Editor

Lloyds Bank may attempt to pay less to members of its 59,000 staff who work in more desirable parts of the UK in order to reduce expenses, Sir Brian Pitman, Lloyds' chief executive, said yesterday.

If Lloyds – which has no connection with the insuranca market – introduced local pay variations, it would be the first large bank to move away from national pay scales. While employers in other industries have brought in such variations, clearing banks have so far maintained national rates.

Sir Brian, addressing a conference in London organised by Merrill Lynch, the US investment bank, said Lloyds was "paying much too much money" to staff in parts of the country such as Devon where many people wanted to live.

"We shall have to move increasingly to paying in relation to where people work," Sir Brian said. It was not easy to get its staff to understand, but "people are beginning to accept it is a lot softer number working in some places". Lloyds emphasised later that it had no current plans for local pay variations, but the idea was being discussed with employees. It said any variations would not involve regional pay scales.

Banks such as Lloyds hava traditionally been leaders in setting pay policy for clerical staff. The retail banks were the first to introduce allowances for workers in the south-east during the 1980s.

Sir Brian said that Lloyds routinely had large numbers of applications for any jobs which it advertised internally in country areas incloding Devon. By contrast, it was harder to recruit staff in urban areas including Birmingham.

He said that Lloyds intended to keep rednding the number of staff working in branches. At the moment, tbere was an average of 18 people working in each branch but Lloyds planned to cut this to 15. He said Lloyds would like to cut costs by introducing electronic banking, but there was considerable resistance among customers to such delivery methods. Most people still wanted to talk to another human.

UK NEWS DIGEST

Irish party chief seeks apology for 1840s famine

The British government was urged to issue "an expression of regret" for the famine which started in Ireland 150 years ago. The call came in the lower House of the parliament of the Republic of Ireland from Mr Bertie Ahern, leader of the opposition Fianna Fail party. The famine marked "the nadir of Anglo-Irish relations," he said in one of several statements made in the parliament to commemorate the start of the long tragedy in which more than 1m people died. "A certain unfavourable view of Ireland among economists, and a clique of very senior British officials with the support of government, cut off effective help at a vital moment with the consequences we all know," Mr Ahern said. The whole of Ireland was part of the UK until 1921.

"I hope that at some point the British government at the highest level will make a considered statement on the famine," Mr Ahern continued. It would be "part of addressing what the Downing Street declaration describes as the most urgent and important issue relating to peace and reconciliation – 'to overcome the legacy of history and to heal the divisions'."

PA News

Judge attacks newspapers

Sir Nicholas Lyell, the attorney-general, is considering bringing contempt of court proceedings against a number of national newspapers after the trial of the boyfriend of a star of the BBC television soap opera EastEnders. The prosecution of Mr Geoffrey Knights was abandoned because of what Judge Roger Sanders called "unfair, outrageous and oppressive" reporting. He said the coverage had made a fair trial impossible. Sir Nicholas said his office would examine the newspaper articles put before the judge, and invite explanations from the newspapers concerned, before deciding whether to refer the matter to the High Court. The newspapers concerned are The Sun and Today (part of Mr Rupert Murdoch's group); the Daily Mail (Associated Newspapers); the Daily Express and Daily Star (United Newspapers); the Daily Mirror, Sunday Mirror and The People (Mirror Group).

John Mason, Law Courts Correspondent

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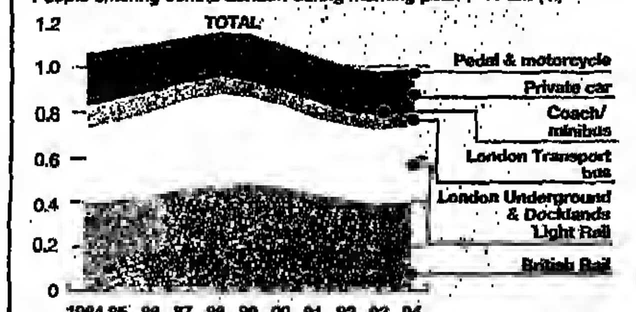
Travel in London increases

The recovery in employment levels in central London last year from 3.5m tp 3.6m has led to a more crowded journey to work for the total of nearly 1m commuters who travel into the capital each day. The average number of people travelling into London during the morning rush hour rose in 1994 for the first time since 1988, to 989,000, although it was still 15 per cent below the 1988 peak of 1.16m. A total of 83 per cent of London's commuters used public transport last year. Less than half of the London workforce travels to work by car compared with an average of two-thirds throughout Britain. The numbers of journeys made by bus and Underground rose by about 4 per cent last year.

Charles Batchelor, Transport Correspondent

London's morning commuters

People entering central London during morning peak 7-10 am (m)



Source: British Rail/ London Transport

Court rules against immigrants

Immigrants from European Union states who have no reasonable chance of finding work in the UK are not entitled to receive British benefits, a London court ruled. Westminster City Council was right to refuse housing benefits to two HIV-positive men last summer, the judge decided. He said that because the men, an Italian and a Spaniard, had no independent means and little realistic chance of finding work they were not entitled to a housing from a British authority even though they were legal residents. The ruling will bolster the government's attempts to curb "benefit tourists" who allegedly enter Britain to take advantage of welfare programmes.

Mark Suzman, Social Affairs Correspondent

Big bang: Burglars destroyed a firework factory when welding equipment they were using to break into a storeroom triggered an explosion heard 10km away. Police think the burglars may have escaped. The Skyhigh Pyrotechnics factory 100km west of London was housed in a Second World War ammunition store. It was packed with fireworks ready for November 5, when Britons remember the 17th century "Gunpowder Plot" in which rebels disloyal to King James I tried to blow up the parliament buildings in London.

Labour party conference Chief industry minister demands evidence that there was no 'backroom deal'

Row erupts over 'agreement' on cable TV competition

By Raymond Snoddy, Kevin Brown, James Blitz and George Parker

The Independant Televiaion Commission warned yesterday that the opposition Labour party's plan to allow British Telecommunications to compete directly with cable on the information superhighway could cost the Treasury several hundred million pounds. The commission is the regulator of the commercial television network and the body which awards cable licences. BT is a former state utility.

New freedom was promised for BT on Tuesday by Mr Tony Blair, the party leader, in return for connecting schools, libraries and hospitals for free to the superhighway. That could greatly affect the amount of money cable companies pay for their licenses – money that goes straight to the Treasury. Mr Jon Davey,) director of cable and satellite at the commission, said several hundred million pounds could be involved. "If BT is allowed to come into the market automatically for free, should cable companies still have to pay for their licences?" he asked.

The question marks over Treasury revenues from cabla came as the political row continued over what exactly BT had agreed with the Labour party before Mr Blair's speech. After meeting Mr Blair last night in Brighton, Sir Iain Vallance, BT chairman, said: "We've simply confirmed our agreement. There is no 'deal' as sucb between BT and the Labour party, but there is an understanding that if they get into power they will adopt the unanimous recommendations of the all-party [House of Commons] trade and industry committee on allowing BT and Mercury to compete with the CATV monopolies." "We would respond by some acceleration of our broadband investment programme and by offering in principle free connections to schools, hospitals, colleges and libraries as we rolled out."

Labour and BT refused to release an exchange of letters in which the deal was outlined in principle between Mr Blair and Mr Alan Rudge, BT's deputy managing director.

Dozens of cable licences could be affected by the change in policy. In one recent auction, CableTel, a large US cable company, bid £14.5m a year for the right to cable Northern Ireland. Under the 1990 Broadcasting Act, cable companies also must pay a percentage of their revenues after five years of operation.

The sums could be even larger when the licences of the original cable operators start to come up for renewal from 1999. It is for the commission to decide on a fair fee for renewal. Mr Davey said competition from BT would clearly affect the value of licences. Mr Ian Lang, trade and industry secretary, demanded publication of all the material relating to Labour's negotiations with BT, arguing that this was necessary to dismiss allegations of a "backroom deal."

Delegates' decisions

- Introduce national minimum wage at a level to be set after a general election
- Recognise the goal of "full employment" for the next Labour government and commit party to a £1bn job creation and training programme for young people
- Back change in rules to dilute power of trade unions by giving votes of unions and constituency parties equal weight at conference. Up to now, union votes commanded 70% influence against 30% for constituencies
- Endorse tighter regulatory controls on privatised utilities – renationalisation in lifetime of the next Labour government was rejected – as well as imposing one-off windfall tax on privatised utilities to pay for extensive jobs and training programme
- Reject committing the party to repeal of all anti-trade union laws introduced by Conservatives since 1979

Nuclear disarmament stance reversed

By Kevin Brown, Chief Political Correspondent

Mr Tony Blair yesterday demonstrated the strength of the grip in which he now holds his party by overturning its long-standing commitment to unilateral disarmament of the Trident nuclear missile fleet.

The commitment to unilateralism, which was a severe embarrassment for the leadership, was dropped by a majority of 56 per cent to 44 per cent after a debate in which only two anti-Trident delegates were called to speak.

Mr Blair hailed the vote as a sign of "maturity" in Labour's approach to defence. Left-wingers said they would try to reinstate the policy next year, when the trade unions' share of conference votes will fall from 70 per cent to 50 per cent.

In a further victory for Mr Blair's crusade against the remnants of Labour's traditionalist past, leftwingers failed to force a debate on resolutions seeking a reduction in defence spending to the west European average. The leadership's success in ignoring the spending resolutions will make it easier for Mr Blair to ignore the call for defence cuts, approved by big majorities at the last six Labour conferences.

Delegates gave overwhelming backing to a resolution tabled by the AEEU engineering workers' union promising a defence review, and making clear that a Labour government would scrap Trident only as part of a multilateral arms agreement.

Mr Blair said he was "delighted" by the Trident vote. "This is one more sign that Labour is now a modern left-of-centre party, totally in tune with the interests of the British people.

"This vote shows a new maturity in the party's attitude to defence. On issue after issue we have seen the party united, sensible and determined to build the new Britain we all want to see," he said.

But leftwing delegates accused the leadership of trying to avoid a card vote, which allows the unions to mobilise their full strength.

Central bank may introduce objective standards in market trading

Daiwa loss 'could hit Japan banks'

By Gerard Baker in Tokyo

The huge losses revealed last week by Daiwa Bank could adversely affect international confidence in Japan's fragile banking system, a senior Japanese official acknowledged yesterday.

Mr Kyosuke Shinozawa, the top bureaucrat at the finance ministry, told a news conference: "We have to worry because the scandal was disclosed at a very bad time."

The news of Daiwa's $1.1bn loss followed a succession of collapses of financial institutions and came amid heightened concern about the extent of the problems of non-performing loans at the country's leading banks.

Mr Shinozawa's remarks came shortly after Bank of Japan officials revealed they were reviewing their supervisory systems following the Daiwa debacle. The central bank is considering introducing objective standards for the management of market trading and could punish institutions failing to meet them. The finance ministry is the main regulator of banks, but the central bank also has responsibility for regular checks on their market operations.

Both authorities began detailed inspections of Daiwa's offices yesterday in an effort to identify management shortcomings that led to the losses. Officials also aim to discover when the bank first became aware of the losses and why it delayed telling them about the problems for two months.

Meanwhile, the resignation of the two top Daiwa executives moved closer yesterday when Mr Sumio Abekawa, the chairman, resigned from a senior position at another company. Mr Abekawa said he was quitting the chairmanship of the Kansai International Airport Corporation to concentrate on his investigations into Daiwa's problems.

But newspaper reports suggested yesterday that both he and Mr Akira Fujita, the bank's president, were planning to resign within the next few months to take responsibility for the losses.

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Statistical hiccup lifts Tokyo surplus sharply

By William Dawkins in Tokyo

Japan's current account surplus rose sharply in August, for the first time in three months, because of a statistical freak which masks a continued decline, the finance ministry said yesterday.

According to the official figures, the surplus rose by 23.1 per cent from the same month last year, to an unadjusted $7.58bn (£4.8bn). Stripping out one-off factors, such as a rise in interest on overseas bonds and a fall in crude oil imports, the current-account gap shrank by an underlying 13 per cent, a ministry official said.

Taken over the first eight months of the year, to August, Japan's surplus fell 9.7 per cent, as imports grew faster than exports. The August manufactured trade surplus, excluding services, on which Japan runs a deficit, fell 0.6 per cent to $25.31bn, the second monthly decline in a row.

Mr Shoko Asahara, leader of the Aum Shinrikyo religious cult, confessed to ordering the March poison gas attack on the Tokyo subway system and other crimes because of threats his organisation might be outlawed, his lawyer was quoted as saying yesterday, Reuter reports from Tokyo. Attorney Shoji Yokoyama was quoted as saying Mr Asahara would plead not guilty at his trial this month, and testify be confessed under duress.

Exports rose 11.9 per cent in August, outstripped by a 16.9 per cent increase in imports.

Within this, imports of manufactured goods were at a record of 60 per cent of the total, a mark of the extent to which Japanese industry is supplying its domestic market from cheap foreign factories. Until the recent strength of the yen, imports of raw materials, for processing and assembly in Japan, took the lion's share. This change in the structure of imports should contribute to a continued decline in the surplus, Mr Tatsuo Yasakawa, chief economist at Sanwa Research Institute, said.

Another notable feature is the sharp rise in Japanese exports, mainly of capital goods, to the rest of Asia to equip its own factories there, as well as local industries. Japan's sales to its fast industrialising neighbours accounted for 46 per cent of total exports of manufactured goods in August, compared with the 26 per cent devoted to the US. The EU accounted for a mere 5.4 per cent of exports.

Separately, the value of machine tools ordered from Japanese companies grew by 30.2 per cent in the year to August, an industry association announced. Foreign and domestic orders both grew fast, by 26.9 per cent and 33.1 per cent respectively.

Consumers 'are paying over odds for distribution'

By William Dawkins

Japan's convoluted distribution system continues largely to deprive consumers of the cheap imports they should expect from their strong currency, an influential think-tank said yesterday.

A comparison between Japan and Germany, the other leading industrialised nation with a strong currency, shows that the Japanese are paying over the odds for their distribution system, according to Fuji Research Institute, an offshoot of Fuji Bank.

Fuji estimates a 1 per cent rise in the yen's trade-weighted value leads to a negligible 0.1 per cent decline in consumer prices by the time imported goods make their way to the shops via several layers of distributors, each taking a profit on the way.

In Germany, the distribution chain is so much shorter and more efficient that German consumers do five times better than the Japanese out of their strong currency.

A 1 per cent rise in the D-Mark's value produces a 0.5 per cent fall in prices, according to Fuji.

The gap also reflects the closed nature of Japan's economy, compared with Germany. Imports account for nearly 26 per cent of German gross domestic product, making prices naturally more sensitive to currency changes than in Japan, where imports absorb a mere 13.5 per cent of GDP, says the study.

Based on the report, Fuji adds its voice to the chorus of economists and businessmen who have called for government deregulation to streamline the distribution system.

The niggling flaw in the Thai growth miracle

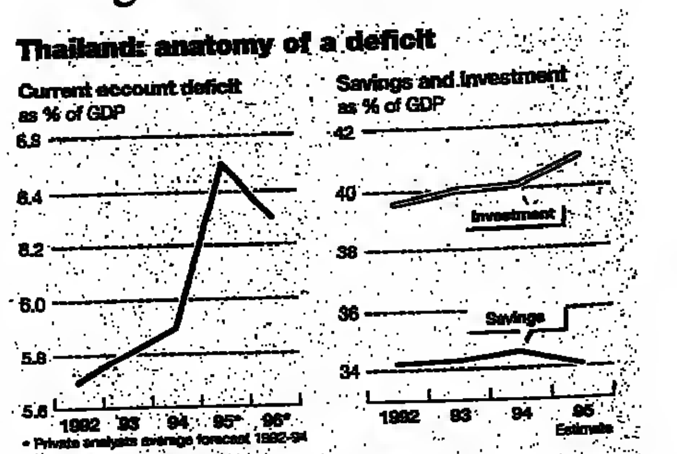
Ted Bardacke on a big current account deficit

Ask five economists the same question and you usually get five different answers. Ask them about a weakness in the Thai economy, and there is only one answer: the large deficit on the current account of the country's balance of payments, fuelled by an economy in danger of overheating.

At the moment the weakness remains latent. For the first time in months, the growth of Thailand's current account deficit has tapered off. But it is a weakness nonetheless and policy makers in Thailand are moving – too slowly for some people's taste – to do something about it.

At stake is the maintenance of Thailand's high economic growth rate, which has averaged 7.7 per cent annually for the past 35 years. Although imports continue to be dominated by capital and intermediate goods, some economists are concerned about how the deficit is being financed.

Thailand: anatomy of a deficit



Non-oil imports by sector

(%)	Capital	Intermediate	Consumer	Other*
1992	44.9	34.9	10.8	9.3
1993	[illegible]	[illegible]	[illegible]	[illegible]
1994	48.1	30.9	11.3	9.7
1995 Q1	[illegible]	[illegible]	10.7	[illegible]

* Includes vehicles and parts, military purchases and non-monetary gold
Source: Bank of Thailand

Some recent news has not been encouraging. Thailand's services account, historically in surplus, has been deteriorating as net tourism earnings fall off and copyright payments grow now that the country is enforcing intellectual property law.

On the domestic front, household savings remain low – only 10.2 per cent of gross domestic product – indicating potentially dangerous levels of consumer spending. And the Bank of Thailand, the country's central bank, recently warned foreign banks that they were extending too many loans for personal consumption and the import of luxury goods.

Most analysts expect the 1995 current account deficit target of Bt257bn (£6.4bn), or 6.1 per cent of GDP, will be surpassed. Although the finance ministry has set up a high-level committee to develop strategies to eliminate the deficit by the year 2000, officials at the normally conservative central bank are less alarmed and say that for the moment nothing significant needs to be done.

Bank officials believe the recent growth in the deficit has been fuelled mostly by a cyclical upsurge in investment, not increasing consumption. They also argue that the deficit is mitigated by a high overall domestic savings rate of 34 per cent of GDP, most of it in the public sector.

"We are close to the peak of the investment cycle," says Mr Bandid Nijathaworn, director of economic research at the central bank. "Next year we should see a moderation even if policies remain neutral."

Nor is the bank worried about imports. Through the first quarter of 1995, raw materials and intermediate goods, such as components and partly processed materials, and capital goods, such as machinery, continued to make up the bulk of the import bill, with consumer goods accounting for only 10.7 per cent of non-oil imports, down from 11.3 per cent in 1994.

But there is no certainty that the high investment and capital goods imports will translate into increased exports in a few years, as they did during Thailand's last economic boom at the beginning of the decade. For one thing, the components of the current investment boom and the ways of financing it are different.

Five years ago investment and capital goods imports were driven by foreign direct investment with a specific export objective and ready-made financing. Now investment growth is coming from increased spending on infrastructure and is being financed by the debt market.

Unlike Mexico in the build-up to that country's crisis at the end of last year, the Thai government is not relying on overseas financing. But, in what is similar to the Mexico case, the banking system is increasingly funding itself with short-term offshore money (so-called "hot money") and then lending it on for long-term periods, on the assumption that off-shore loans will be rolled over. So far roll-overs have been automatic; an external or internal shock could wreak havoc.

Awash in liquidity, banks have been tempted to lend for property development and personal consumption. But so far only foreign banks have been substantially increasing their loans in these areas. Thai banks, which account for 94 per cent of all lending, have generally met Bank of Thailand targets.

Meanwhile the central bank, in a preventative measure, increased the reserve requirement on non-resident baht accounts and instructed local banks not to book foreign currency loans to non-productive sectors as net foreign exchange assets. Yet the positive impact of moves like these could be swept away should the new government lose its fiscal discipline. Currently, savings is concentrated in the public sector, where budget surpluses have been the rule for the past several years.

But an immediate Bt11bn increase in public spending pushed through by the new government may dilute this surplus and put pressure on household and private savings just to keep the overall savings rate steady.

However, Mr Surakiart Sathirathai, finance minister, says the increased spending will be fully covered by extra tax revenue and that the government will again run a surplus in 1996.

Mr Surakiart has already introduced some measures to increase private savings and says the government's current account committee will make additional recommendations, such as providence funds and better access to life assurance. It will also look at ways of developing the shipping industry, where substantial earnings can be found as the overall volume of Thai trade continues to grow. But any moves are likely to be incentive-based: Singaporean-style forced savings plans or Korea's habit of "picking winners" are unlikely.

Paradoxically, rising inflation may be the government's biggest ally in enacting measures to reduce the current account deficit, says Mr Sanjoy Chowdhury, chief economist for Asia-Pacific at Merrill Lynch. He notes that governments rarely act quickly to stem deteriorations in external accounts, as they do not immediately affect the public. But inflation does cause public outcry and forceful measures to bring it down should have a knock-on effect on the current account.

"It is too early to fault this new government [for the high current account deficit]," says Mr Chowdhury, "but not too late for them to do something about it."

China steps up reform of state enterprises

By Tony Walker in Beijing

China pledged yesterday to accelerate reform of loss-making state enterprises by providing incentives to encourage mergers. Enterprise debt, another barrier to reform, would be converted to equity held by the state as part of attempts to "corporatise" the state sector.

Premier Li Peng, in the most detailed explanation yet of plans to reform the chronically loss-making state sector, said 1,000 large state enterprisss had been targeted for special assistance because of their importance to the national economy.

Of these key state companies, 800 were in the industrial sector and accounted for 63 per cent of China's industrial assets. They contributed more than two-thirds of tax revenues from all industrial enterprises.

China's large and medium-size enterprises number about 14,000, but the vast bulk of these are not considered vital to the national economy and will presumably become candidates for either divestiture, management buy-out, merger or bankruptcy. About one-half of these 14,000 enterprises were loss-making in the first six months of the year.

China's leadership has been wrestling with a blueprint for reform of the ailing state sector, but fears of growing unemployment have slowed the process. Chinese leaders have also balked at privatising larger state-owned companies because of opposition from within the Communist party to a "sell-off" of state assets, and worries about job losses.

China yesterday announced the appointment of Gen Fu Quanyou as the new chief of the general staff of the People's Liberation Army. Gen Fu replaces Gen Zhang Wannian, who was promoted last week to be a vice-chairman of the central military commission, overseer of China's military, writes Tony Walker. Gen Fu, 65, was previously director-general of the PLA's logistics department. His appointment is part of a shuffle of military positions as President Jiang Zemin seeks to consolidate his grip on power.

Mr Li, who is regarded as a strong proponent of the state sector, said that boosting key state enterprises would "reinforce national economic strength and increase China's ability to regulate and control the national economy".

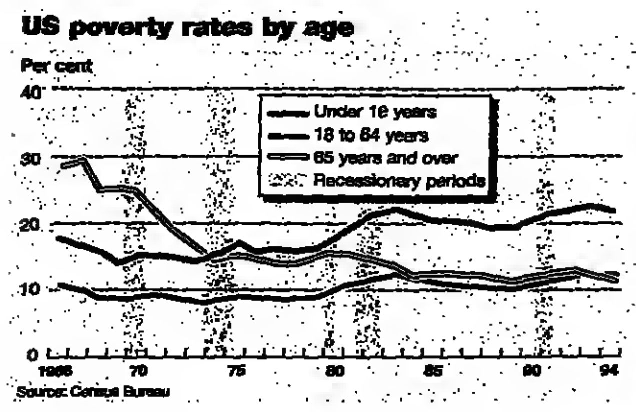
He pledged that enterprises which "bear a heavy burden left over from the past and... occupy important positions in the national economy" would receive special assistance. This would take the form of exemption from interest payments for companies which merge; a programme of debt-equity swaps for key enterprises; and that debts of bankrupt enterprises would be "offset". It was not immediately clear what the latter meant, but the government may be proposing a programme of debt forgiveness.

Mr Li also indicated yesterday China would ease back on preferential tax and other incentives for investments in its six special economic zones which have become flagships of its attempts to attract foreign investment. "Over a period... it was necessary to provids preferential policies in order to attract foreign funds because of inadequate investment environment," the official Xinhua news agency quoted him as saying.

● Chinese government economists are predicting inflation for the year of 14.7 per cent and gross domestic product growth of 10.2 per cent compared with a target of 8-9 per cent, according to a Xinhua report. The Academy of Social Sciences, a government think-tank, and the State Statistical Bureau said China would experience a "soft landing" this year with inflation and growth moderating in response to the government's tight credit policies.

China's inflation reached 21.7 per cent last year, and was down to 17.6 per cent to August this year compared with the same period in 1994. GDP growth last year was 11.8 per cent.

The economists hailed the reduction in inflation but said that it was vital for the government to maintain its "money-tightening" policy. Pressures are building, however, from the business sector for an easing of credit restrictions.



Source: Census Bureau

Ortiz acts to end assault on peso

By Leslie Crawford in Mexico City

The Mexican government yesterday sought to bury a perceived policy split among economic policymakers that has unsettled financial markets.

Mr Guillermo Ortiz, finance minister, and Mr Francisco Gil, deputy governor of the Bank of Mexico, said that they had agreed to maintain a free floating exchange rate as the best way to ensure the competitiveness of the Mexican economy.

Speculative bubbles or turbulence in the money markets would be dealt with by raising or lowering interest rates, Mr Ortiz said.

His remarks were clearly aimed at ending a speculative attack on the peso, which has lost 4 per cent of its value against the dollar since mid-September. The peso weakened further yesterday, trading at 6.53 against the dollar compared with 6.52 on Wednesday despite a sharp rise in Treasury bill interest rates to above 40 per cent this week.

Mr Ortiz's remarks were the clearest indication yet that the government has no plans to return to some form of pegged exchange rate to help combat inflation.

Mr Ortiz said prudent monetary and fiscal policies would be the main instruments in the fight against inflation, and his statement was welcomed by the stock market, which yesterday posted the first modest gains after a month of heavy losses.

Mr Ortiz said the government did not have a "target" exchange rate for the end of the year, although he said he believed the peso remained undervalued. He added that a measure of instability was to be expected in a floating exchange rate regime, which Mexico adopted in December after a hotched devaluation led to e run on foreign currency reserves.

Mr Ortiz said he would present a balanced budget for 1996 and forecast a current account deficit next year of 1 to 2 per cent of gross domestic product, which he said Mexico would have no trouble financing. The finance minister said debt repayments in 1996 would total $8.9bn, against $41.4bo this year.

In an apparent change of heart, Mr Ortiz said there were no plans to issue more *tesobonos* – the short-term Treasury bills linked to the dollar which triggered Mexico's financial crisis in December. Last month Mr Ortiz had told US investors in New York that new *tesobonos* might be issued.

The government yesterday raised DM1bn ($696m) in a five-year D-Mark Eurobond issue, which Mr Ortiz said would be used to repay some $700m of short-term debt owed to the US Treasury and Federal Reserve.

The repayment of part of the emergency $20bn US loan package which helped Mexico stave off default earlier this year coincides with President Ernesto Zedillo's state visit to Washington next week.

International bonds, Page 28
Company default looms, Page 26


Ortiz: eeeking to end speculation against the peso

Rich become richer and so do the poor

By Michael Prowse in Washington

The US poverty rate fell last year for the first time in five years, indicating that poor families are starting to benefit from the economic recovery that began in 1991, official figures indicated yesterday.

Data also showed affluent families continuing to gain ground relative to other households, whose incomes are stagnant, despite the Clinton administration's efforts to promote greater equality.

The Census Bureau said the poverty rate (the proportion of people living in poverty) fell to 14.5 per cent last year, against 15.1 per cent in 1993. But it remained well above the recent trough of 12.8 per cent reached in 1989 at the peak of the previous business cycle.

A family of four is considered below the poverty line if its income is $15,141 or less. The threshold is raised each year in line with inflation.

The decline in poverty was especially marked among African-American families. The poverty rate for black families fell from 33.1 per cent to 30.6 per cent. That for whites fell from 12.2 per cent to 11.7 per cent.

Incomes for the bulk of households were stagnant last year despite a 4 per cent increase in gross domestic product. Median household income stabilised at $32,364 after falling in the preceding four years. But it remained 6.3 per cent lower than the most recent peak of $34,547 reached in 1989.

The median income of black households rose 5 per cent last year to $21,027. Median refers to households in the middle of the income distribution.

The poverty rate for children fell to 21.8 per cent against 22.7 per cent in 1993, a sharper decline than registered for other age groups. The child poverty rate has been at or above 20 per cent since the early 1980s, against a rate of 11-12 per cent among the elderly who benefit from the social security pension programme. Children, though only 27 per cent of the population, account for 40 per cent of the poor.

The report showed no slackening in the trend toward greater income inequality. The share of household income received by the top 20 per cent rose to 49.1 per cent last year, against 46.8 per cent in 1989. The share of the middle 60 per cent fell from 49.3 per cent to 47.3 per cent. That of the bottom 20 per cent fell from 3.8 per cent to 3.6 per cent.

The figures suggest inequality, if anything, is growing more rapidly than in the late 1980s. The share of the top 20 per cent, for example, rose from 45.2 per cent to 46.8 per cent between 1984 and 1989, a smaller jump than in the most recent five-year comparison.

Data indicated a big improvement in economic conditions in the south, still the poorest region. Median household incomes rose 2.9 per cent there last year, a contrast to the stagnant national trend.

The poverty rate fell to 16.1 per cent, only slightly above 15.3 per cent in the west. Officials said it was the first time since data were compiled that the south had not stood out as having a significantly higher poverty rate than other areas.

The wheels come off Mexico's car market

A devalued currency, shrinking incomes and deep recession have killed demand, writes **Leslie Crawford**

It has been an awful year for Mexico's car industry. A devalued currency, shrinking personal incomes, and Mexico's worst recession in living memory have all but killed the demand for new cars this year.

Domestic sales plummeted 72 per cent in the first eight months of 1995. The Association of Mexican Car Dealers believes demand will not recover its 1994 record, when 619,000 vehicles were sold, until well after the year 2000.

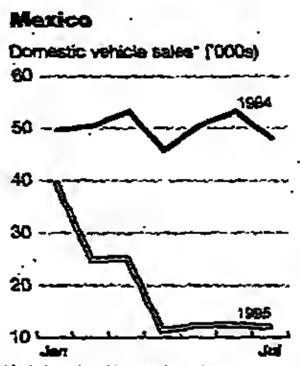
Not only have sales collapsed, but many customers who bought on credit last year are either defaulting on their debts or returning their vehicles, especially trucks.

Interest rates in Mexico rose to as much as 120 per cent a year in the aftermath of December's devaluation of the peso, and although they have eased in recent months, the cost of credit is still considered to be too high to allow consumers to repay their debts.

Exports have taken up some of the slack, and will probably earn close to $14bn this year, but they have not made up for the collapse in domestic sales. Some car assemblers, such as Ford, Chrysler and Volkswagen, are exporting more than 80 per cent of their Mexican production.

Other vehicle makers, however, have not been able to export their way out of the Mexican recession. Nissan, the Japanese car maker, has sold barely 22,000 cars in Mexico this year, against 57,000 in the first eight months of 1994, while its exports have also fallen.

After investing $1bn in Mexico in the early 1990s, Nissan's plant in Cuernavaca, outside Mexico City, has lain idle for several months this year. Car dealers say its accumulated inventory is enough to cover more than one year's sales.



* Includes sales of imported vehicles
Source: Mexican automobile industry association

Mexico's car industry fired tens of thousands of workers in the first half of the year.

Those fortunate enough to hold on to their jobs have accepted half-pay during the extended periods in which car plants have closed down owing to accumulated inventories or lack of demand.

Such gloomy circumstances have frayed tempers within the car industry. Competition, previously fierce, is now murderous.

"I see prices being slashed almost every week," says Mr Carlos Lobo, president of Chrysler Mexico. "If I bring out a new credit plan, my competitors will match it immediately."

Car dealers, accustomed to 18 per cent margins on the sale of a car, believe they have been the worst affected by the slump. They say car makers have increased their prices in line with the higher cost of imported parts, while car dealers have been forced to sell below cost to shift unwanted stock.

Distributors have demanded, and in some cases obtained, better credit terms from car manufacturers. But at Chrysler, grievances ran so deep that dealers took their complaints to Detroit in August. They camped outside Chrysler's headquarters for eight days before Mr Robert Lutz, Chrysler's president, agreed to a meeting.

"We asked Chrysler to invest more in Mexico," says Mr Mario Cervera, the leader of Mexico's Chrysler dealers. "The answer was no."

"We have a double problem," Mr Cervera adds. "The economic crisis in Mexico and Chrysler's bad marketing. Chrysler is not positioning its cars competitively. Not only have we lost sales, we are also losing market share."

To help the dealers, Mr Lobo says he is extending interest-free credit to the dealer network and subsidising the sale of fleets of pick-up trucks to the government. "I am selling below cost so dealers can generate a decent volume of sales," Mr Lobo says. "I am losing $3,000 on every $20,000 truck."

Although Chrysler is exporting more than 80 per cent of its production, Mr Lobo says there is only token money in the export business. "Ninety per cent of the cost of a car comes from its parts, and most of these are imported, so there is only marginal room for increasing efficiency in the industry," Mr Lobo says.

Nevertheless, Mr Lobo concedes that his exports to the US, which are up almost 70 per cent this year, have ensured Chrysler's survival in Mexico this year.

"The fact that the US economy was booming when the financial crisis hit Mexico has certainly helped," Mr Lobo says. "My big fear is that when both economies become increasingly integrated, their economic cycles will run in tandem. Manufacturing in Mexico will then become more complicated. We will have to rely less on the US and develop new export markets."

Scandal plunges Ecuador into crisis

By Raymond Colitt in Quito

A three-month-old corruption scandal has plunged Ecuador into one of the worst political crises since it returned to democracy 16 years ago and has begun to undermine economic confidence.

Interest rates have soared, with benchmark toterbank rates rising 12 percentage points over the last week to 43-45 per cent. The currency has hit the bottom of the exchange rate hand and short-term foreign investment has fallen.

Vice-president Alberto Dahik, accused of corruption, is battling to avoid impeachment just two weeks after Congress impeached Mr Mauricio Pinto, the finance minister, and the supreme court indicted several top government officials on charges of covering up a corruption scandal.

Two of the countries main oppoeitlon parties have announced they will seek to impeach President President Durán Ballén.

Congress is expected to vote today on whether to impeach Mr Dahik after a week of hearings during which he presented e tough defence and fended off calls from the president for his resignation.

Mr Dahik, who has led the government's economic reform efforts, said he was being tried by Congress because he had "the courage to initiate necessary reforms," contrary to the interests of certain legislators.

He admitted to having granted budgetary concessions and political appointments to the opposition Social Christian Party (PSC) in exchange for support of reform legislation. This, he said, was necessary to govern in a pugnacious political landscape and did not constitute bribery.

It is unclear whether oppoeition parties have enough votes to impeech Mr Dahik. With the populist PRE party joining his eupporters, there are currently 49 votes in favour of the impeachment, just short of tha two-thirds majority necessary.

Ontario seeks to reform labour law

By Bernard Simon in Toronto

Ontario'e new conservetive government has proposed labour law reforms which will significantly weaken trade unions' bargaining power as part of the government's self-proclaimed "common sense revolution".

The draft legislation, which the government expects to push through the provincial legislature quickly, is designed to improve the business climate in Canada's most industrialised province. It comes on the heels of e series of spending cuts aimed et reversing Ontario's spiralling public debt.

The cuts include a 21 per cent rednction in welfare payments, the closure of 25 "halfway houses" for released prisoners and sharply redneed funding for women's shelters.

The measures were broadly welcomed by the hnsiness community, but drew strong pnblic protests. Mr David Crisp, vice-president for human resources at Hudson's Bay Company, which owns several large retail chains, said that "all of us have criticised government for going too slowly in the past."

Ontario contributes about 40 per cent of Canada's gross domestic prodnct. The bueiness community has been dispirited in recent years hy the former New Democratic government's policies, especially in the labour and environment fields.

The conservatives, led hy Mr Mike Harris, took office last June with a promise to reverse many of the NDP's initiatives. Pressure for deep spending cuts has been intensified by a Tory promise to cut taxes next year.

The labour reforms would reverse a three-year-old ban on the use of non-union replacement workers during a strike or lockout. In future, a secret ballot will be required to certify a union, ratify a labour contract or call a strike.

The proposals also pave the way for extensive privatisation by allowing companies that take over government services not to honour workers' existing union contracts.

According to Mr Crisp, 14 stores in one Hndson'e Bay chain have been unionised over the past three years. But he said that many workers might not have chosen this ronte if a secret ballot had been allowed, or the company had a right of appeal.

The Harris government has indicated that it will announce further spending cuts in a "mini-hndget" next month. The main target is expected to be transfer payments to municipalities, universities, school boards and hospitals.

Hurricane Opal losses over $1.8bn

Insured losses from Hurricane Opal are estimated at $1.8bn in Florida alone, enough to make it the third costliest hurricane in US history behind Hurricane Andrew and Hurricane Hugo, according to the Insurance Information Institute, Reuter reports from New York.

"This is just Florida. It doesn't inclnde Alabama or Georgia," Ms Loretta Worters, director at the institute, said yesterday. Losses from Alabama and Georgia are expected to push the total cost even higher, ehe added.

Losses from Opal are substantial enough to make it the fourth costliest catastrophe in US history. Hurricane Andrew ranks first, with insured losses of $15.5bn, the Northridge, California, earthquake is second with $12.5bn in insured losses, and Hurricane Hugo comes in third with $4.2bn in insured losses.

Insurers believed yesterday that Opal, with sustained winds of up to 150 mph at one point, might even top Andrew in terms of losses.

But losses were lighter than feared becanse the storm moved quickly through the Pensacola and Fort Walton area in Florida and homes in the area where it struck were less expensive than those hit by Andrew in 1992.

Opal could still cause serious damage further inland if the storm slowed, then lingered over an area with winds above 70 mph.

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NEWS: WORLD TRADE

Skoda plans assembly plant in Russia

By Haig Simonian in Prague

Skoda, the Czech car manufacturer majority-owned by Volkswagen of Germany, is in advanced negotiations to begin assembling vehicles in Russia. The project would make the company the first western-controlled car manufacturer to assemble vehicles in the country.

The company negotiated with at least six potential Russian partners from the motor and aerospace industries, but decided on a greenfield site. Neither the location of the plant nor its planned capacity has been disclosed.

Production is likely to be modest to begin with because of Skoda's limited financial resources and the risks. However, observers say the company sees immense potential, in spite of the continuing economic and political uncertainties in Russia.

Skoda at present sells about 5,000 cars a year in the former Soviet Union – accounting for about 0.7 per cent of the estimated total market – while Volkswagen sells about 3,000 vehicles. Imports of both marques are hampered by high tariffs which amount in Russia to more than DM3,000 ($2,089) per unit on Skoda's cheapest model.

The new venture will assemble Skoda's Felicia five-door hatchback from kits from its main factory north of Prague. The company already builds almost 8,000 cars a year from kits at Poznan in Poland, where output is also expected to rise sharply.

The scale of the Russian venture will be restricted initially by VW's insistence that it be self-financing and by Skoda's ambitious plans for its main Czech operations. Skoda has undergone a transformation with the development of new models and facilities since VW took control of the state-owned group in 1991.

In addition to the Felicia, launched last year, the company is to introduce a second car range late next year.

Skoda's low costs and its relatively simple models mean it is being groomed by VW to counter the rising competition in developing markets, such as eastern Europe, of low-cost Far East manufacturers such as Hyundai and Daewoo.

Other leading car manufacturers, notably Fiat, have looked into Russian production. However, all the projects, including Fiat's ambitious scheme to set up a joint venture with Avtovaz, a leading manufacturer, have been frozen because of the political and economic difficulties involved in conducting business there.

Meeting aims to lift telecom talks

By Frances Williams in Geneva

Slow-moving negotiations on a multilateral deal to liberalise basic telecommunicstions across the world are expected to be prodded into life when senior trade and telecoms officials meet in Geneva today.

Trade diplomats said the meeting, under World Trade Organisation auspices, was intended to give political impetus and a clear sense of direction to the 18-month-old negotiations which are due to end next April. The meeting will be preceded by talks between the Quad group of leading traders (the US, European Union, Japan and Canada).

So far only 10 of the 28 participants (the 15-nation EU counting as one) bsve submitted conditional offers on opening their telecoms markets to foreign competition, tbough they inclnde all four Quad members.

Mr Jeffrey Lang, deputy US trade representative, said yesterday that if the talks succeeded Washington's offer would "lock open" almost every aspect of the domestic telecoms market.

Meanwbile, Mr Karl Falkenberg, the EU's chief services negotiator, said the EU's offer tabled on Wednesday "will effectively liberalise access to the European market for all forms of telecommunications services".

The EU offer, which includes separate commitments by all 15 member states, contains restrictions on foreign equity participation operated by four of them – a limit of 20 per cent in France, 25 per cent in Spain and Portugal and 49 per cent in Belgium. However, Brussels says it is willing to scrap these ceilings if trading partners reciprocate with concessions of their own.

Mr Falkenberg said he tbought the "general conditions are rather good" to secure a telecoms deal next April, though the time remaining was short. Both he and Mr Lang nevertheless expressed disappointment at the low level of participation in the talks.

One key sticking point is likely to be US insistence that tough "pro-competitive" rules are written into the WTO telecoms accord, obliging dominant telecoms operators to make room for new entrants.

The experience of countries which had deregulated their telecoms sectors showed that pro-competitive disciplines were essential, Mr Lang said yesterday. "Witbout them liberalisation doesn't work."

However, Mr Falkenberg said that while the EU agreed with the objective and was preparing pro-competitive regulations for its own market, it was "too ambitious" to design a single set of detailed rules applicable worldwide.

Competition policy was a new and untried domain for the WTO, and the issue was too big to be squeezed into a single sectoral negotiation, be said.

Albania enters the jet age

Kevin Done reports on plans to modernise air transport

Albania is expanding its air links with Europe with the revival of Albanian Airlines in a joint venture controlled by M A Kharafi, a Kuwaiti construction group.

The airline has started operations this week from the antiquated Rinas airport at Tirana.

Air traffic to the Albanian capital is increasing rapidly, but the facilities at Rinas are barely adequate to cope with the influx of new airlines and rising passenger numbers.

Negotiations are at an advanced stage, however, on a financing package for tbe DM48.6m ($34m) first phase of an urgently needed airport modernisation scheme.

The airport project is one element in the $1.3bn, three-year public investment plan aimed at improving Albania's outdated infrastructure.

Siemens, the leading German electrical engineering group, is the main contractor for the airport scheme.

Project finance is being negotiated with Berliner Bank, Kreditanstalt für Wiederaufbau, the German state-owned development bank, and Hermes, the German export credit agency. Despite recent difficulties Berliner Bank said that it was confident financing would be completed in the next few weeks.

The deal would be the first significant commercial funding for Albania since the country reached agreement in the summer on the restructuring of its $500m of commercial debt – on which it defaulted in 1991 – which has opened the way to the provision of trade and project finance by foreign banks.

Mr Perparim Zuna, director of the Albanian civil aviation directorate, said work was expected to start this year.

The existing airport was built to a Russian design in 1957. The runway, made from hexagonal and square concrete blocks, is uneven and patched with asphalt, and the taxiways are potholed.

According to the government's three-year pnblic investment plan, "facilities at Rinas are run down and threaten the safe operation of the airport. The runway is substantially damaged and needs urgent reconstruction.

"The runway lighting system requires replacement to permit safe night operations. Navigation equipment is obsolete, and adequate stand-by generators are needed. Terminal, taxiway and apron facilities are limited."

During the 1980s there were two flights a day or fewer to Tirana, according to Mr Zuna, but in the last four years traffic has increased to between 10 and 17 flights per day and the aircraft are bigger.

The number of passengers using the airport has jnmped from 30,000 in 1990 to an expected 200,000 this year as economic activity in Albania begins to recover.

Communications are primitive, with only 14 telephone lines, half of which are needed for air traffic control. Albanian airspace was opened five years ago, and the number of aircraft overflying tbe country has risen from six a day in 1990 to between 70 and 80 now.

The emergency "first phase" will renew and strengthen the runway, taxiway and apron and will install modern lighting and communications systems.

"We must do the runway first. We are not safe enough for bigger aircraft," said Mr Zuna. "We cannot take off and land with more than 70 tonnes. We have many restrictions and have virtually stopped cargo flights."

The second pbase planned for the late 1990s, which could cost as mnch as DM150m, is aimed at building a new terminal capable of handling between half a million and 1m passengers a year, but no financing has yet been arranged.

Last month Lufthansa, the German airline, became the 11th operator to run scheduled services to Tirana, joining Alitalia, Austrian, Swissair, Olympic and airlines from Hungary, Bulgaria, Croatia and Slovenia.

Albanian Airlines itself began services this week from Tirana to Bologna, Munich, Skopje, Rome and Istanbul.

The airline bas been restarted by the Kharafi group, following the financial collapse of an earlier joint venture between the Albanian government and Tyrolean Airways.

Mr Hans Mook, commercial manager of tbe airline, said that $20m would be invested in the venture in the first 18 months. The company would initially nse one Airbus 330, with Egyptian pilots, but it had also started the training of the first five Albanian pilots, he said.

Albanian Airlines plans to add a second aircraft next year with the expansion of its network to London, Brussels, Paris and Athens.

WORLD TRADE NEWS DIGEST

Enron ready for Dabhol talks

Enron, the US energy corporation, and India's western state of Maharashtra both confirmed yesterday that they are ready to reopen negotiations on the Dabhol power project this weekend. "The project is being revived," Maharashtra chief minister Manohar Joshi said after a cabinet meeting.

Ms Rebecca Mark, Enron's chief executive, told officials at a World Bank environment conference in Washington she hoped the renegotiation would be finished in about 30 days.

Maharashtra cancelled the $2.8bn 2,015MW power plant south of Bombay early in August saying it was too expensive and the proposed power tariff too high. Despite the imminent renegotiations, Enron has told the state government it was "not appropriate" to abandon legal arbitration procedures Enron has opened in London, but that this matter could be discussed at their first meeting.

Enron said it was willing to change the plant's fuel from fuel oil to locally-sourced naphtha to reduce the tariff and is offering a 30 per cent stake in the project to the state's electricity board. *Mark Nicholson, New Delhi*

ICI plans Pakistan plant

Imperial Chemical Industries yesterday gave the go-ahead for a £350m ($553m) pure terephthalic acid (PTA) plant in Pakistan that will be the first in the country. PTA is the raw material for polyester fabrics. The plant will be part of ICI Pakistan, which is 61.5 per cent owned by ICI, and will be financed through a local rights issue. It would be completed by the end of 1997, and should face heavy demand immediately, said ICI.

The textiles sector is among Pakistan's most important, and several years of poor cotton crops have increased its dependency on polyester. Local polyester producers, which include ICI, have been using imported PTA to meet this demand. However, the outlook for PTA could be clouded by a recovery in cotton.

It may also be damaged through oversupply. The success of PTA as a raw material for plastic drink bottles, as well as for fabrics, has prompted a rash of new capacity announcements.

More than 40 new plants or large expansions are due to come on stream in Asia over the next three years. Together with the expansions announced in North and South America and Europe, this would lead to increases in the world capacity for PTA of 20 per cent this year, 25 per cent next year, and a further 32 per cent the year after. *Jenny Luesby, London*

Fujitsu in Vietnamese project

Fujitsu said yesterday it was to start assembling printed circuit boards in Vietnam next autumn. The Japanese electronics company will set up a wholly owned company in Vietnam by the end of the month. The new plant will assemble printed circuit boards to supply the company's factories in Thailand, where it makes storage devices for computers, and, beginning next spring, in the Philippines.

Sales of the Philippine factory were expected to reach $300m in 1996, the company said. In order to serve these two plants, Fujitsu needed a site close to both countries.

The Vietnam facility was expected to achieve sales of $420m in fiscal 1997, Fujitsu said. *Michiyo Nakamoto, Tokyo*

■ Mitsui, the Japanese trading house, expects to sign a Y28bn ($269m) contract to build a lead-free oil refinery in Russia in co-operation with Thyssen unit Thyssen Rheinstahl Technik. Mitsui said Toyo Engineering of Japan was likely to help build the refinery, and that the Export-Import Bank of Japan would provide a loan. *AFX, Tokyo*

NEWS: INTERNATIONAL

Robert Chote on moves to adapt rules for protecting companies from their creditors

Forging a bankruptcy code for countries

In January 1992 Macy's department store in New York and the Russian government in Moscow announced they were no longer able to service their debts. Under chapter 11 of the US bankruptcy code Macy's was given protection from its creditors and within four weeks had arranged $600m of new finance. Russia, meanwhile, took a year to reschedule its debts to other governments, is still being harassed by creditor banks and had to wait months for financial help.

In most countries there are laws to ensure that corporate failures are dealt with in an orderly way, if possible allowing the victim to be restructured to the benefit of its owners, creditors and employees. But no such rules cover financial crises in heavily indebted countries. The only options may be an expensive taxpayer-funded bailout or a potentially contagious debt default.

The rush to assemble a $50bn package to cope with Mexico's crisis last winter has left policymakers wondering whether the principles of corporate bankruptcy could be applied to governments too, as Professor Jeffrey Sachs of Harvard has argued. Finance ministers and central bank governors from the Group of Ten leading industrial countries will discuss the issue in Washington on Sunday.

Bankruptcy codes offer three important advantages. First, they prevent creditors from pressing their claims for debt repayment, providing breathing space to restructure the business and reschedule its debts. Second, they allow broadly acceptable restructuring proposals to be imposed on a minority of dissenting creditors. Third, they encourage investors to inject new money into the business by guaranteeing it will be repaid before the original debt.

Richard Portes: some ambitious plans unworkable

These features address an important market failure: that it is always in the interest of individual creditors to press their claims on a debtor, even if this results in a liquidation that leaves them worse off as a group than if they allowed the company to continue trading.

This applies as much to governments as companies. A violent market overreaction to financial difficulties can force governments into fiscal and monetary measures that can cripple the economy. This has become more likely in recent years as governments have raised more money by selling bonds to mutual funds and the like rather than borrowing directly from banks or other governments.

In most countries there are laws to ensure that corporate failures are dealt with in an orderly way, if possible allowing the victim to be restructured to the benefit of its owners, creditors and employees. But no such rules cover financial crises in heavily indebted countries. The only options may be an expensive taxpayer-funded bailout or a potentially contagious default

The UK Treasury, the Foreign Office and the Bank of England have asked Professors Richard Portes and Barry Eichengreen of the Centre for Economic Policy Research to study the scope for orderly debt workouts in the light of these trends*. They conclude that it is possible to deal with sovereign financial crises more effectively, even if some of the more ambitious proposals are unworkable.

Profs Portes and Eichengreen argue that countries would be encouraged unilaterally to suspend their debt repayments in appropriate circumstances if a clear statement of approval by the International Monetary Fund eased the fear that this would jeopardise their future access to credit markets.

A Bondholders' Council should also be created to restructure debt in the form of bonds, while the London Club continues to deal with debt to banks and the Paris Club with debt to governments. A conciliation and mediation service should be set up to minimise the danger of deadlock in these forums.

Bond covenants should also be altered so they explicitly permit a majority of shareholders to alter repayment terms even if a minority object. Dissidents could appeal to an arbitrating tribunal.

The IMF should also have more resources with which to provide temporary help to countries in difficulties, Profs Portes and Eichengreen argue.

Jeffrey Sachs: G10 ministers will discuss his idea

The IMF should impose tough policy conditions on countries asking for support or for approval of a debt standstill, to stop countries opting for these solutions as an easy way out.

But Profs Portes and Eichengreen argue that creating an international organisation with powers equivalent to national bankruptcy courts is a non-starter. Individual countries are unlikely to surrender sovereign immunity so it could seize collateral across international borders.

Neither could it replace the government of a country in the same way that national courts can replace the management of a failed business. An international bankruptcy court would also require legislation in most national parliaments – and most are unlikely to agree to constrain the legal rights of their investors overseas.

Expert opinions differ widely on the scope for these sorts of orderly work-out proposals. Mr Charles Dallara, managing director of the Institute for International Finance, a pressure group for financial institutions, said last week that allowing countries to seek an officially sanctioned debt standstill would let governments avoid the tough measures needed to restore creditworthiness.

Mr Dallara also recommended that "multilateral institutions would not offer protection to private parties from market risks, either before or after a crisis occurs".

The conclusions reached by Profs Portes and Eichengreen were also criticised by one senior government economist who noted that the creation of a Bondholders' Council would still mean that only a limited number of creditors was covered. Money can still flow out of a troubled country via equity markets or the foreign exchanges: "Their report does not say this, but if you are going to avoid expensive bailouts then you have to have capital controls."

He added that international economic policymakers were always obsessed with fighting the last war. These orderly work-out proposals might help prevent another Mexico, but if the next crisis hit China, for instance, that would present a very different – and unknown – set of problems.

Crisis, what crisis? by R Portes and B Eichengreen, CEPR, 25-28 Old Burlington St, London W1X 1LB

South Africa enjoys surge in confidence

By Roger Matthews in Johannesburg

Business confidence in South Africa surged last month to its highest level for more than a decade. Mr Raymond Parsons, director general of the South African Chamber of Business, yesterday said the figures sent a strong message of confidence to the rest of the world.

The confidence index, compiled by Sacob, tracks 13 key economic indicators, eight of which rose last month to leave it at 115.6, a rise of 5.6 points. The improvement reflects primarily the growth of private fixed investment, and a decline in the inflation rate to 7.5 per cent, its lowest rate for 22 years. This has raised hopes that the inflation figure for the year will be less than 10 per cent.

Other positive factors included an increase in car sales, a decline in insolvencies, and a further increase in merchandise imports.

Mr Parsons said the reduction in inflation, although affected by statistical factors, was a tribute to the dogged persistence of the monetary authorities, and indicated some success in reducing underlying inflationary pressures. "If South Africa plays its economic and political cards well from now on, it stands a good chance of turning the present cyclical upswing into sustainable long-term growth."

Sacob, which represents 45,000 mainly small and medium-sized companies, warned against putting pressure on the authorities to ease monetary policy, but believed there may be scope for a cut in interest rates next year. It added that the rise in business confidence, particularly in manufacturing and retailing, also reflected the approach of Christmas.

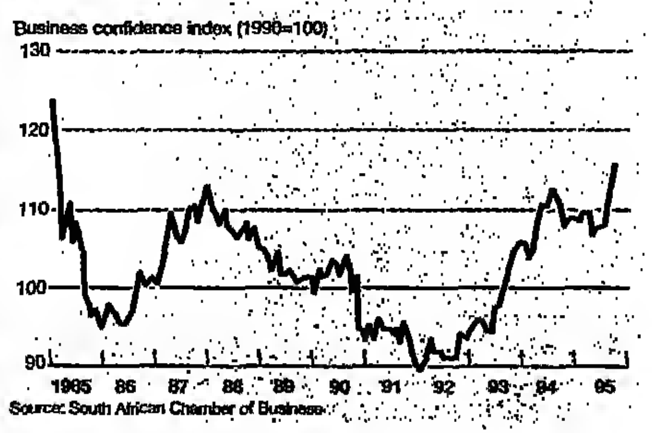
Of greater concern is s possibility that the present economic upturn could be nearing its peak. This was particularly reflected in manufacturing, where forecasts of increased orders have flattened out, and there was a decline in expected use of production capacity.

There was also a decline in the number of companies which expect to employ more unskilled labour over the next 12 months, underlining widespread concern that even with an expected 3 per cent growth rate this year the unemployment level will continue to rise. Unemployment is officially estimated at 33 per cent of tha workforce, with up to 45 per cent of blacks out of work. Formal employment declined by 0.6 per cent last year.

Mr Parsons said he was concerned that despite the strong growth in fixed investment, buoyant car sales, improved domestic demand, and higher output levels, this was having no positive effect on employment. "This highlights another, more fundamental, threat to the process of transforming the economy – the spectre of jobless growth," he said.

South Africa

Business confidence index (1990=100)



Source: South African Chamber of Business

RAND MINES LIMITED

RAND MINES

(Incorporated in the Republic of South Africa Registration No 01/00658/06) ("the Company")

Proposed partial unbundling of the Company in terms of section 60 of the Income Tax Act, 1993, ("the Tax Act") ("the unbundling"), by way of a distribution in specie and a reduction of share premium in terms of section 84 of the Companies Act, 1973, ("the Companies Act")

1. Introduction

UAL Merchant Bank Limited is authorised to announce that, further to the announcement of Thursday, 20 July 1995, the board of directors has determined the terms of the unbundling, details of which follow

2. The unbundling

The share distribution will comprise 77 633 536 Ingwe Coal Corporation Limited ("Ingwe") shares held by the Company. In terms of the unbundling, ordinary shareholders registered on Friday, 8 December 1995 will receive 130 Ingwe shares for every 100 ordinary shares held in the Company, by way of a distribution in specie.

Fractions of Ingwe shares due to ordinary shareholders as a result of the share distribution will be aggregated and sold on The Johannesburg Stock Exchange ("the JSE") for the benefit of the ordinary shareholders concerned. The cash proceeds arising from such sale, net of costs, will be distributed to the ordinary shareholders entitled thereto.

Following the implementation of the unbundling, the Company will still have a 10% interest in Ingwe, comprising 31 516 246 shares. Approximately 4.5 million of these shares, which can be disposed of without incurring a tax liability, are being retained in order to finance the settlement of the Company's liabilities. It is the intention of the board of directors of the Company, subject to the then prevailing legislation and after the settlement of any liabilities, to distribute the then remaining Ingwe shares when they cease to be taxable after 30 September 1998. The listing of the Company's ordinary shares on the JSE and the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("LSE") will be maintained until after the remaining Ingwe shares have been distributed. The unbundling will not affect the number of Rand Mines ordinary shares held by each shareholder.

The effective date of the unbundling will be Monday, 11 December 1995.

3. Financial effects of the unbundling

3.1 Financial effects of the unbundling on an ordinary shareholder

The theoretical market value effect for an ordinary shareholder is illustrated in the table below:

	Before unbundling 100 Rand Mines shares (Rand)	After unbundling 100 Rand Mines shares (Rand)	130 Ingwe shares (Rand)	Increase (%)
13 July 1995†	4.000	692*	3.672	9.1

†The last day on which both Rand Mines and Ingwe shares traded before 20 July 1995, being the date on which the initial cautionary announcement was published.

* The actual market value will depend on the price at which Rand Mines ordinary shares will trade after the unbundling has taken place.

3.2 Financial effects of the unbundling on the Company

The pro forma financial effects on the earnings per share for the year ended 30 September 1994 had the unbundling been implemented at 1 October 1993 and the pro forma net asset value of the Company, had the unbundling been implemented at 31 March 1995, are illustrated below:

	Before the unbundling	After the unbundling	% increase/ (Decrease)
Earnings/(loss) per share (cents)	63.0	(1.8)	(102.8)
Net asset value per share (cents)			
- Investments at book value	990	67	(93.2)
- Investments at market value	4218	773	(81.7)

The earnings per share for the financial year ended 30 September 1994 has been used in the above illustration as the use of earnings per share for the six months period to 31 March 1995 would be misleading.

The pro forma decreases in earnings per share and net asset value per share are due to the share distribution comprising 78.3% of the Company's investment in Ingwe. Accordingly, the earnings and net asset value in respect of the Ingwe shares to be distributed will in future accrue directly to the ordinary shareholders of the Company

4. Conditions precedent to the unbundling

It is anticipated that the unbundling will become unconditional on Wednesday, 6 December 1995, which is the date on which it is expected that the following conditions precedent will have been fulfilled and carried out:

4.1 a general meeting of the Company's ordinary and preference shareholders convened to be held on Monday, 6 November 1995 will have passed all the special and ordinary resolutions to be proposed thereat; and

4.2 the Supreme Court of South Africa (Witwatersrand Local Division) will have confirmed the reduction of the Company's share premium in terms of section 84 of the Companies Act, and will have granted an Order to this effect; and

4.3 all resolutions passed at the general meeting referred to in 4.1 above which are special resolutions, together with the Order of Court referred to in 4.2 above, will have been registered by the Registrar of Companies.

5. Taxation considerations

The commissioner for Inland Revenue has approved the transaction as an unbundling transaction in terms of section 60(2) of the Tax Act

6. Last date for registration

The last date for registration as an ordinary registered shareholder in the Company in order to participate in the unbundling is expected to be Friday, 8 December 1995. An announcement for holders of share warrants to bearer will in due course be published separately in the United Kingdom and France

7. Circular to shareholders and general meeting

A circular, which is subject to the approval of the JSE, containing full details of the unbundling and incorporating a notice of a general meeting of the Company's ordinary and preference shareholders will be posted to shareholders on or about Friday, 13 October 1995.

8. Further announcement

An announcement will be published on or about Tuesday, 7 November 1995 reporting on the outcome of the general meeting

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UAL Merchant Bank Limited
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United Kingdom Secretaries:
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6 October 1995

Japanese seek to reassure worried economic partners

By William Dawkins in Tokyo

The Japanese government is to explain its attempts to bail out the ailing economy and contain the financial crisis to a meeting of worried economic partners over the weekend.

Mr Masayoshi Takemura, the finance minister, and Mr Yasuo Matsushita, the finance minister, are to depart today for Washington to face their counterparts in the Group of Seven industrialised nations tomorrow, followed by an International Monetary Fund meeting next week. Japan's recovery prospects will be on the G7 agenda.

The Japanese delegation will seek to persuade G7 colleagues that Tokyo has at last put into place the conditions for a recovery from the longest economic downturn – nearly four years – since the 1930s, and is able to assure the stability of a financial system burdened by an estimated Y50,000bn (£313bn) of bad loans.

Mr Takemura, who yesterday called for a further "orderly reversal" in the yen's value, said he would have a private meeting with Mr Robert Rubin, the US treasury secretary, to explain Japan's economic policies.

The finance ministry's top international official, Mr Takatoshi Kato, will at the same time brief leading US and European bankers in Washington, in an attempt to assuage concern over the stability of Japan's financial system, aroused by three bank collapses in August, topped by last week's allegedly fraudulent $1.1bn (£700m) loss at Daiwa Bank. These doubts have, to Tokyo's alarm, caused foreign banks to charge a risk premium on loans to Japanese banks.

This is Tokyo's first opportunity to address a G7 gathering since the reduction in Japanese official interest rates to 0.5 per cent and a record Y14,220bn fiscal stimulus package last month, followed by a cautious government endorsement of the use of public money to rescue weaker banks.

US officials have welcomed these stimulation efforts, but voiced concern that they may not be enough. The IMF, which estimates that the Japanese economy will grow by a mere 0.5 per cent this year, has called for tougher restructuring of insolvent banks.

Camdessus calls for improved economic data

By Robert Chote, Economics Editor, in Washington

The International Monetary Fund's executive board has agreed a set of standards governing the quality of economic and financial statistics produced by its members. It hopes that the provision of better data would help prevent crises like that which overwhelmed Mexico at the turn of the year.

All 179 members would have to provide 12 categories of economic and financial data to the Fund under the plan, which will be discussed on Sunday by the finance ministers and central bank governors on its policymaking interim committee. These data should be provided on a regular and timely basis, covering such topics as foreign exchange reserves, banks' cash ratios and central bank balance sheets.

Mr Michel Camdessus, the IMF managing director, said yesterday that this standard would be an absolute minimum requirement, and that countries would also be asked for data specific to their individual circumstances. Countries in line for IMF programmes would also have to give information on areas such as industrial production, wages and domestic credit. Mr Camdessus added that the Fund would put in place measures to encourage members to comply with the standard.

The executive board also proposes two sets of standards for data disclosed to the public. The general standard demands that after a short time-lag countries publish the 12 basic data categories provided to the Fund. But countries seeking access to international capital markets would also have to publish an extra four categories of data, probably including interest rate spreads on public sector debt and its currency composition and maturity.

Camdessus: minimum requirement

Mr Camdessus said that the dates on which the 40 to 50 countries were planning to publish each piece of data could be posted on an electronic bulletin board run by the Fund. He hopes the system could be running early next year. The managing director also expressed support for proposals by the Group of Ten industrial nations to extend the credit lines through which the Fund can borrow from them if its own resources are insufficient to deal with crises like Mexico's. He said that it was "immensely important" to double the amount available under these credit lines to about $55bn and that there were plenty of options about how to do so.

The G10 wants to leave the existing "general arrangements to borrow" intact and to create a parallel arrangement in which they and a number of other countries with big foreign exchange reserves would participate. But it is not clear whether this two-tier structure will offer enough influence to potential participants to encourage them to take part.

S American bank ratios questioned

By George Graham in Washington

Economists from the Inter-American Development Bank are questioning whether the traditional Basle capital adequacy ratios are stiff enough for banks in the volatile markets of Latin America.

In papers prepared for a conference today on banking crises in the region, IADB economists suggest that the ratios adopted by industrialised countries under the auspices of the Bank for International Settlements in Basle may not provide enough of a buffer for the frequent shocks which the region's financial systems have suffered.

The Basle ratios require banks to maintain capital amounting to 8 per cent of their risk-weighted asset base.

But this may not be enough for Latin America, the IADB's economists suggest, especially if loans are not placed in the right risk categories.

"We raise the question of whether 8 per cent is too low for Latin America, and also whether liquidity standards should be higher in countries which face more volatility," said Mr Ricardo Hausmann, the Washington-based development bank's chief economist.

The IADB is not suggesting an alternativa ratio. Indeed, IADB economists suggest much of the problem is that banks' accounts do not reflect any deterioration in the quality of their loans. Many Latin American banks may boast Basle ratios above 8 per cent, but be insolvent in reality because they have not made provisions to cover bad loans.

"Sometimes the actual number in the Basle ratio is not as important as the classification of loans," said Ms Liliana Rojas-Suárez, a senior IADB adviser, noting that proper training of bank supervisors may be a more urgent priority.

INTERNATIONAL NEWS DIGEST

Rabin set to win by a single vote

Israeli Prime Minister Yitzhak Rabin's Labour-led government was expected to survive defeat by a single vote in a fierce parliamentary debate on the recent peace deal expanding Palestinian self-rule to the West Bank.

Before the vote, expected early this morning, Mr Rabin made a concerted effort to recapture the political centre and defuse a rebellion inside his own Labour party by ruling out a Palestinian state and pledging to keep blocs of Jewish settlements in the West Bank.

Political observers said Mr Rabin was expected to scrape home with 61 votes to 59 in the 120-member parliament (a 60-60 vote would mean defeat) after turning the most crucial debate of his administration into a vote of confidence in his government and threatening Labour members who rebelled with expulsion from the party.

Despite Mr Rabin's threats at least two members of his Labour party were expected to vote against the government, leaving the fate of the coalition resting in the hands of a maverick centre right minister and another discontented Labour member.

Parliamentary approval of the peace agreement is expected to lead to a speedy first-phase release of Palestinian prisoners. Redeployment of Israeli troops out of Palestinian towns and villages is expected to get under way in mid-November, beginning with the town of Jenin. *Julian Ozanne, Jerusalem*

Kenyan bank payments revealed

Kenya's central bank paid out a total of Sh14.7bn (£167m) to unknown beneficiaries in 1993, the country's auditor-general disclosed in a report made public in Nairobi yesterday. In his long-awaited report, tabled for debate by parliament a few days after it reconvened following the summer break, Mr D G Njoroge, the auditor-general, said he had not had access to documents indicating who received the payments, how they were authorised and for what services or goods they were made. "At the time of signing this report the necessary documents to support the payments have not been made available to facilitate audit verification."

The report was originally due to be debated during parliament's last session hnt was unaccountably delayed. The postponement triggered widespread speculation in Kenya that it contained revelations of financial malpractice. Kenya's scandal-tainted government has come under intense pressure from the international community to crack down on official corruption before a meeting with donors dne in Paris next month. *Michela Wrong, Nairobi*

Oil price down on Iraq report

Reports of possible Iraqi resumption of oil sales contributed to a fall in oil prices yesterday, with the November Brent blend crude down about 30 cents in late trading. The reports first surfaced on Monday in the Cyprus-based newsletter, Middle East Economic Survey, which has reliable Iraqi contacts. MEES said senior officials in the Iraqi government were advocating the acceptance of Resolution 986 approved by the United Nations Security Council in April and allowing $1bn worth of oil sales every three months. Iraq has denied the report but UN sources said yesterday Iraqi diplomats had signalled President Saddam Hussein could agree to a one-time $2bn crude oil sale. Given the increased economic hardship in Iraq and US resistance to any lifting of Iraqi sanctions imposed following the 1990 Iraqi invasion of Kuwait – at least not before the 1996 US presidential elections – Mr Saddam may reconsider his policy of accepting nothing short of a full lifting of sanctions. *Roula Khalaf, London*

Fraud in Italy's pension system on 'huge scale'

By Robert Graham in Rome

The Italian government's crackdown on fraud in its deficit-ridden pensions system has uncovered a huge level of abuse.

In Italy over 1.5m people receive invalid pensions costing L16,000bn ($10bn) a year. The Treasury revealed this week that following checks it had cancelled 4,000 pensions in the first six months of the year, equivalent to 40 per cent of all those investigated.

Awarding fake invalid pensions has been a long-recognised form of political patronage, especially in the south. Doctors have also been prepared for a fee of L18m-L20m to sign the necessary certificates. Officials even suspect that some genuine invalids have been obliged to pay for their certificates.

This week the government revealed that computer cross checks between invalids registered with the ministry of interior and those in the pension records of INPS, the state pensions authority, had shown 15,000 people to be receiving two pensions, one of which had been illegally concealed at a total annual cost of L100bn.

Checks have also begun on a selective basis among those public sector employeas recruited as handicapped. Inapectors have focused on 2,000 invalids taken on by the ministry of posts in the period 1990-92. One minister in five months in 1992 let in 1,048 invalids of whom 38 per cent were in Sicily and 24 per cent in the Naples area. A medical control of 100 of these postal employees in recent days has revealed no less than 94 to be perfectly healthy.

Many had done military service, some were key players in local football teams and most were in their mid-thirties. One fit person even claimed he had been cured at Lourdes but had kept quiet about his altered status. At least 250 out of a sample of 2,000 in the posts ministry are under investigation and 60 already face charges. On Wednesday a mysterious fire occurred in one of the Rome offices of the ministry, housing documents relating to the employment of handicapped.

A junior government minister estimated this week that at least 30,000 people in the civil service had been taken on handicapped with irregular documents.

The number was so large, he said, that it would probably be impossible to carry out large-scale dismissals.

Mr Silvio Berlusconi, former Italian prime minister, yesterday accused investigators who want him tried for corruption of waging a political hate campaign against him, Reuter reports. On Wednesday a prosecuting magistrate told a committal hearing Mr Berlusconi must have known of alleged bribes by companies in his Fininvest business empire to tax police. He is accused of complicity in the payment of alleged bribes totalling L380m ($236,000) to tax police in return for lenient audits between 1989 and 1991.

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Increase in gross domestic product falls below the government's projection of 3%

Growth slowdown takes Italians by surprise

By Robert Graham in Rome

The Italian economy has begun to cool off more quickly than axpected and gross domestic product is now growing at less than the official projections of 3 per cent for the year.

During the second quarter of 1995 GDP declined 0.4 per cent against the first three months of the year, according to figures released yesterday by Istat, the state statistics institute. On an annualised basis, the economy is growing at 2.9 per cent compared to 4.1 per cent in the first quarter.

Economists at Confindustria, the industrialists' confederation, expressed surprise yesterday at the sharpness of the deceleration. Only last month Confindustria'a autumn forecasts indicated GDP would end the year growing 3.2 per cent. The government's 1996 budget, presented this week to parliament, is based on a 3 per cent growth estimate.

Economists noted yesterday that cooling off had occurred despite a continued strong demand for Italian exports and sustained levels of domestic investment. However, an Istat statement said the slowing down was in line with the behaviour of most other G7 economies.

The main element behind the slower growth was a fall in domestic consumption. This suggests Italy is now seeing a phenomenon similar to other European countries, especially the UK, whereby consumer confidence remains patchy. The broad-based economic recovery of the past year has failed to generate the necessary feel-good factor among consumers. Economists also said yesterday the decline in real wages of the previous two years, combined with cuts in public spending, played a part.

Exports grew an impressive 4.2 per cent – a little more slowly than in the first three months but still almost twice as fast as imports. Italy had a trade balance of L15,000bn ($9.3bn) at the end of the second quarter. Investment in capital goods rose 4.9 per cent. There was also evidence of a modest pick-up in tha depressed construction sector.

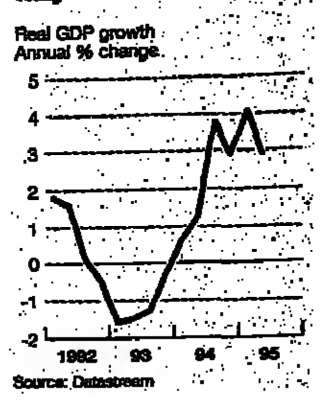
Against this, consumer non-durable goods increased only 0.5 per cent while consumer durables dropped 0.4 per cent. The containment of consumer spending has been reflected in the gradual downward trend in inflation, though still high at an annualised 5.8 per cent on preliminary September data.

The latest surveys of business opinion compiled by Confindustria show the level of domestic and export orders began to tail off in April and stocks are being run down.

The prospects of a more difficult second half of the year and lower growth in 1996 help explain the hostile reception given to some of the measures outlined by the government in the 1996 budget.

The Italian senate yesterday overwhelmingly endorsed legislation to set up regulatory bodies for the country's ntilities, bringing the tortuous process of privatisation one step closer, writes Robert Graham. The bill now returns to the lower house for what is hoped will be a final reading after more than 18 months' debate. The process has been delayed by politicians of all parties seeking to retain a large measure of control over the three state giants, Stet (telecoms), Enel (electricity) and Eni (energy).

The government had to call a confidence vote in the senate to head off more than 1,000 amendments. The bill envisages two authorities – one for energy (gas and electricity) and the other for telecoms – modelled on the experience of other EU privatisations, notably in the UK. If the confidence vote is employed in the lower house, the bill could be passed before the end of the month. But this is certain to be followed by a long and acrimonious debate over who is to be appointed to run the two authorities.



Source: Datastream

Murder attempt unites worried Macedonians

By Laura Silber in Skopje

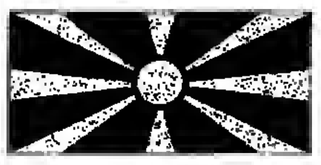
When the Macedonian parliament voted to change its controversial national flag yesterday, most Macedonians were waiting for news about their president, Mr Kiro Gligorov, who was fighting for his life after an assassination attempt.

By an overwhelming majority, the Sobranie, as the parliament is known, adopted a new pennant, with rays reminiscent of the Japanese rising aun flag, in an important atep towards settling a bitter dispute with Greece, its southern neighbour.

Many of Macedonia's 2m inhabitants worried about their future and that of Mr Gligorov, injured by a car bomb on Tuesday. "God only knowa what will happen to this country. Until the attempted murder, everyone was thinking now things would go well. Then, everything changed," said Mr Ilija Dimitrovski, a 25-year-old resident of Skopje, the Macedonian capital.

There is a long list of potential suspects. In this land of conspiracy theories, one official suggested that even if the police found out who had set off the bomb, they may never uncover who ordered the assassination.

Out with the old (above) and in with the new. Macedonia hoists a peace pennant



Mr Gligorov, 78, had managed to steer the country away from conflicts with its other jealous neighbours, Serbia, Bulgaria and Albania, which in the past have also undermined attempts by Macedonia to assert a separate identity.

"The bomb exploded just as everything was on the verge of being solved regarding Macedonia's destiny," said a commentary in the leading newspaper, Nova Makedonia. "To eat people alive is a tradition in Macedonia since time immemorial. The history of the Balkans is filled with examples of political cannibalism."

By adopting a new flag, the parliament took an important step towards settling a bitter dispute with Greece

But Mr Gligorov had been a political survivor, a veteran of nearly five decades in the treacherous world of Balkan politics. Under his stewardship, Macedonia in 1991 was the only republic to break away from Serb-dominated Yugoslavia without war. "We were scared about the possibility of war for four years. Now we are tired of it," said Mr Vladimir Petreski, a Macedonian journalist.

The opposition and governing coalition have unanimously condemned the assassination attempt, and Mr Stojan Andov, acting president and speaker, yesterday pledged to go forward with the US-brokered accord with Greece endorsed last month by Mr Gligorov.

The agreement calls for Athens to lift an 18-month economic embargo against its northern neighbour. Greece first imposed an economic and political embargo four years ago in protest against the use of the name Macedonia and the 16-pointed golden star of Vergina emblazoned on a red flag on the grounds that they are exclusively Greek property.

In addition, Skopje must publicly state that several clauses in its constitution concerning the Macedonian minority abroad do not imply territorial designs on Greece.

In the Balkans, where politics often seem a strange and sinister kaleidoscope of shifting alliances and betrayal, Mr Gligorov has struggled to end simmering disputes within the country. He has worked to broker a fragile coexistence between the Macedonian Slav majority and the country's large ethnic Albanian community.

The country's political factions ranga from the restive ethnic Albanians to VMRO, the ultra-nationalist Internal Macedonian Revolutionary Organisation. Known as Europe's oldest terrorist group, VMRO has often denounced Mr Gligorov and his government as traitors to the Macedonian cause.

A medical team, which includes experts from former Yugoslavia, Greece the UK and the US, yesterday said Mr Gligorov, who has already undergone brain surgery and been operated on to save his sight, was in stable condition.

The official said Mr Gligorov stood a good chance of surviving. But it remained in serious doubt whether he would be able to resume office. A power struggle not long away, the country's leaders yesterday put on a rare show of togetherness. The obvious contenders for his position are Mr Andov, a former Communist technocrat, who became acting president under the Macedonian constitution.

The 33-year-old Mr Branko Crvenkovski, the prime minister, is unable to stand as the constitution demands candidates be at least 40.

"It is, however, obvious that attempts to destabilise Macedonia have failed," said Mr Saso Ordanoski, head of Macedonian television, yesterday. "Everything is functioning from the army to the television. Everyone is focused on promoting stability."

The agreement with Greece is due to be formally ratified on Monday. Talks mediated by the UN on changing the name of Macedonia are expected to continne in New York.

A commentary published yesterday in Nova Makedonia asked: "Did it take so much courage to admit that Macedonians will not lose their identity if they change their flag. It has been done so many times in history. Yet with every new flag, Macedonians remained Macedonians. Macedonia remains Macedonia."

Millions subjected to smog dangers

By Caroline Southey in Luxembourg

Millions of Europeans were subjected to dangerous levels of summer smog this year, with serious consequences for their health and for the environment.

In May, June and July, member states recorded over 2,800 cases where ozone pollution levels exceeded limits set down by the European Union and based on World Health Organisation standards. Dangerously high pollution levels were recorded in over 76 cities with populations of more than 200,000.

Data to be handed to EU environment ministers today show the levels recorded this year matched the figures released last year.

"The evidence is quite dramatic," an EU official said. "The fact we have the same trend two years in a row confirms the issue is serious. It shows 1994 was not an accidental year."

The statistics are likely to prompt calls for tighter controls on air pollutants across Europe. EU officials hope the data will provide new impetus to cut air pollution levels across Europe.

Action was needed at all levels: EU, national, regional and local. "The mode of transport people use is a key, because the contribution to ozone pollution from traffic is high," an EU official said.

Ozone pollution is made up of the same gases as the ozone layer. While serving as a protective layer against the sun high in the atmosphere, it becomes a dangerous pollutant when found at ground level in high concentrations and mixed with pollutants. Ozone pollution tends to be worse in summer because warm weather speeds the chemical reactions which create it.

The figures are part of an EU-wide alert system put in place last year under which member states have set up monitoring stations to measure ozone pollution levels. The regime obliges the states to submit the data to the EU Commission for analysis.

The system also obliges member states to pass the information on to the public if thresholds are exceeded and, in extreme cases, to issue warnings if particularly high levels of pollution are recorded.

EU environment ministers today will agree a framework setting out guidelines for drawing up new laws on air quality, and improving existing ones. The plan is to set limits for 13 pollutants, including ozone pollution and those pollutants which generate ozone pollution such as nitrogen oxide and hydrocarbon.

■ The two main parties in Germany's centre-right coalition agreed yesterday to change the system of motor taxes to reduce pollution and drive cars and motorcycles without catalytic converters out of circulation by the year 2000, writes Peter Norman in Bonn.

Declaring that "we must finally get the stinkers off the streets", Mr Peter Hintze, the secretary-general of the Christian Democratic Union, said it was planned that by 2000 it would no longer be possible to register cars and motorbikes without catalytic converters.

The CDU and its Bavarian sister party, the Christian Social Union, also planned to replace the present system of car tax based on engine size with one that linked payments to pollution.

EU urges better image of women

By Caroline Southey in Luxembourg and Diane Summers in London

European Union social affairs ministers yesterday passed a resolution calling on member states to promote a more positive image of women in the media and advertising.

The controversial resolution, widely condemned by newspaper and advertising bodies, was agreed by EU ministers at a meeting in Luxembourg, but the Danish government abstained on the ground that it compromised freedom of expression.

Ministers were forced to confront two sensitive issues, press freedom and the stereotyping of women, in voting on the non-binding resolution. Its intention is to encourage member states to review whether initiatives should be taken to counter gender stereotyping.

The resolution calls on member states to promote a "diversified and realistic picture of the skills and potential of women and men in society". It says they should implement measures that "ensure respect for human dignity and an absence of discrimination on grounds of sex".

It also calls on advertising agencies and the media to "recognise the negative effects which stereotypes based on sex may have" and to implement "voluntary self-regulatory codes".

Ms Patricia Mann, vice-president international of the J. Walter Thompson agency, said it would be impossible to secure agreement within individual European countries, let alone across the EU, about definitions of positive male and female imagery.

She cited the example of a perfume advertisement, fiercely debated at a Council of Europe seminar, featuring a beautiful woman on a balcony looking out towards the sea.

Ms Mann said that of two highly respected female psychiatrists from Greece and Spain, one saw it as a "strong image of an independent woman, while the other thought it was an archetypal image of a woman who was trapped into being feminine and unable to escape her home".

The resolution was promoted by the Spanish government, which said there was a willingness to change "old habits" in Spain, "where women have been discriminated against". EU officials said Denmark made clear it did not oppose the sentiments in the resolution, but could not support the measures.

"The Danish minister said she understood the feelings of the other countries, but it was important for Denmark not to vote for it because of its commitment to freedom of expression which is written into the Danish constitution," one said.

A UK official said Britain "would never have agreed to anything if it had imposed new obligations on member states or impinged on press freedom". "We support the non-binding resolution which encourages other member states to adopt the kind of measures we already have in the UK."

Finnish president batting for Europe

Hugh Carnegy talks to Martti Ahtisaari for whom Emu holds no fears

Norwegians voted No and show little sign of regretting it. Swedes voted Yes, but have since become Eurosceptics. In Finland, however, the clear majority registered a year ago in favour of joining the European Union has, if anything, solidified – to the evident satisfaction of President Martti Ahtisaari.

"It has been a good start for us. And that is not just the president bragging about his country's performance." Mr Ahtisaari declares with a laugh in his office in the striking new lakeside presidential residence on the outskirts of Helsinki.

Recent polls show that 60 per cent of Finns support EU membership, compared with the 57 per cent majority in last October's referendum and a contrast to neighbouring Sweden where elections to the European parliament last month saw anti-EU parties make big gains.

Not only are Mr Ahtisaari, the country's senior foreign policymaker, the "rainbow" coalition government of Social Democrats, Conservatives, leftists and Greens, most of industry and the trade unions at ease with membership of the EU. President, government and central bank want Finland to be among the first countries to join the final phase of economic and monetary union.

Mr Ahtisaari cites the 8 per cent fall in food prices since Finland joined in January, the EU funds available to support the country's remote regions, and the prominent role played by Finnish officials in the European Commission as reasons why Finns remain Europhile. But there are deeper reasons, too. Finland, which survived decades of awkward, sometimes bloody, relations with the Soviet Union following independence from Moscow in 1917, saw joining the EU as a priceless opportunity to reinforce its security – a view that has not changed.

A depression in the early 1990s also encouraged Finns to regard membership as vital for economic stability and competitiveness, Mr Ahtisaari says. "I think the situation has made the population more sensitive to the reforms that are needed."

The president has backed Prime Minister Paavo Lipponen's tough budget measures aimed at ensuring Finland meets the fiscal and monetary criteria for Emu. "We are going to be ready."

Joining Emu would be a break from the past for Finland which, like Sweden, has used devaluation as a core instrument for sustaining growth for most of the past three decades. The cost was high inflation, but it kept vital export industries expanding. Finland has returned to vigorous, low inflationary growth in the past 18 months, but unemployment remains at 17 per cent of the workforce and will stay high for years to come.

Nevertheless, Mr Ahtisaari is adamant – in the face of emerging scepticism within government, opposition and unions – that Finland should lock into Emu. He also stands with those arguing that the timetable and criteria should be strictly adhered to. "I think it is an incentive for everybody to try to meet the targets. If you don't have that, no one makes the hard decisions that are needed."

The Finnish spirit of co-operation in Europe extends to supporting EU entry for the countries of eastern Europe. It also extends to Helsinki's approach to next year's Intergovernmental Conference.

Mr Ahtisaari is careful not to specify how far Finland might go in extending the principle of majority voting, or diluting the powers of smaller nations. But he is clear that he will be co-operative. "If we are warmly advocating further expansion for economic and security and stability reasons, then we also have to be prepared to be constructive in the debate. If everyone was to go to the Union conference with absolutely fixed positions, where would we go? We might as well stay home."

Probably the most difficult issues for Finland lie in the EU's evolution of a common foreign and security policy, because the country is holding to its neutral stance. Helsinki has not become a full member of the Western European Union, the EU's fledgling defence arm. It still has a wary eye fixed on Moscow and is nervous of Russia's opposition to Nato expansion.

Mr Ahtisaari talks of "broader concepts of security", where the emphasis is on building "common basic values" rather than military alliances.

He makes clear that Finland is far from enthusiastic about the desire of its neighbours Estonia, Latvia and Lithuania to join Nato. But he points out: "They realise perfectly well that our assistance is limited to reinforcing the democratic system and their newly gained independence." But this is not the whole story. Mr Ahtisaari has stirred a heated debate at home because of the way in which the issue of security policy remains open.

In the 20 months since he was elected to his six-year term, Mr Ahtisaari has presided over Finland's emergence from its worst post-war recession and its historic accession to the EU. The process of change continues, and a growing debate on Emu and security policy in recent weeks suggests the unity of purpose is beginning to fragment.

But be is in no doubt the country is in better shape to cope than when be took office. "We are on a good wicket, as the British would say."

Ahtisaari: wants Finland to be at forefront of monetary union

Portugal's PM-elect fills key posts

Portuguese prime minister-elect António Guterres (right) jokes with outgoing premier Aníbal Cavaco Silva yesterday AP

By Peter Wise in Lisbon

Mr António Sousa Franco, an independent who has rigorously vetted government spending as head of Portugal's audit court, was yesterday named finance minister in the new Socialist government.

He was appointed by Mr António Guterres, the prime minister-elect, with three other key ministers in a government that will not be named in full until next week, after the final counting of votes in last Sunday's general election. The Socialist party, expected to fall four seats short of an overall majority in parliament, is not likely to take office until early November.

Mr Daniel Bessa, an academic who helped write the Socialist party's economic programme, was named to the new post of economics minister, covering industry, energy, trade and tourism – areas previously divided between two ministries.

The new foreign minister will be Mr Jaime Gama, a long-standing Socialist leader. He was foreign minister from 1983-85 in a government coalition between the Socialists and the centre-right Social Democrats (PSD). The PSD was defeated in the election after eight years in office with an absolute majority.

Mr António Vitorino, one of Mr Guterres's closest advisers and a deputy in the European parliament, was named as defence minister.

Mr Sousa Franco, 53, who was a PSD member from 1974-79 before becoming an independent, was a surprise choice as finance minister. Unlike him, most of the core ministers were drawn from among Socialist party stalwarts. He was appointed president of the audit court by the PSD in 1986, establishing a reputation as a stern overseer of public spending who resisted government pressure to turn a blind eye to non-budgeted spending and poor accounting.

Portugal's biggest challenge is to claw back a budget deficit currently running at more than 5 per cent of gross domestic product to 3 per cent by 1997, as the Maastricht treaty criteria require.

Financial markets in Lisbon were closed for a bank holiday yesterday. But analysts expected a warm response from business leaders and investors to the appointment of Mr Sousa Franco.

"He knows the inner workings of the budget back-to-front and can be expected to bring a firm, capable hand to public finances," said a London-based broker.

Ukraine sell-off stalls despite west's help

Everyone is looking for someone else to blame for a flawed reform plan, writes Matthew Kaminski

In s regional government hall in the western city of Zhytomyr, Ukraine launched its mass privatisation programme in January to a chorus of optimism from western advisers. Many flew in from Paris and Boston, funded by millions of dollars in US and European aid.

Ten months later privatisation is a disappointment. And officials in Washington, where the foreign aid budget is under siege on Capitol Hill, are questioning the wisdom of a large investment in a programme that, from the start, may have been flawed.

The Kiev government targeted 8,000 medium and large enterprises to sell this year. It came up with a scheme that gave Ukrainians certificates to invest in state companies which the governmeot puts up for sale each month. Auction centres were opened in all regions, and the western community underwrote training, advice and publicity costs.

The US Agency for International Development (USAID) allocated $54m for mass privatisation in Ukraine this year; the European Union gave $10m; the World Bank estimates $2m-$4m of a $26m structural adjustment loan went directly for privatisation.

After declaring 6,000 large and medium-sized state enterprises will be sold this year, Ukraine has privatised only 236 companies in the first six auctions, according to an indepeodent account. Ukraine's state property fund does not release statistics.

More than 95 per cent of the larger enterprises are still in the state sector. Small-scale privatisation has been similarly slow, keeping more than 65 per cent of mostly retail outfits out of private hands.

Critics allege that western consultants in Kiev – stuck with a complex and expensive scheme conceived under the previous anti-reform president, Mr Leonid Kravchuk – took an overly conservative approach.

Tha certificates are not transferable between people and thus do not operate like proper shares. Managers and workers do not have enough carrots and sticks to participate in the scheme. The companies were also overpriced.

As a result, the new investment houses – to which many people gave their certificates to invest – held on to their certificates and few of the companies that came up for sale were fully subscribed in the month-long auctions.

"Privatisation has yet to break state-run monopolies, especially on the distribution side," said Mr Scott Carlson, president of the Western NIS enterprise fund, which is seeking to invest in the region.

An official involved in privatisation claims that "USAID let tha programme begin with basic flaws built in - and that's a big reason why it's failing". However, western officials in Kiev put the blame on Ukraine's leadership for failing to show the necessary political will.

"The consultants get a bum rep," said Mr Daniel Kaufmann, Kiev representative of the World Bank. "Implementation has proceeded more slowly than expected, but it's s show of strength to say it's not working, and push for more."

In a recent letter to Prime Minister Evhen Marchuk obtained by the FT, the Kiev mission chiefs of the World Bank, the EU and the US development agency warned that laggard privatisation put market reforms "in jeopardy". Privatisation is "too complicated, unclear, expeosive and slow", it read. "Tangible progress is needed to assure USAID that its financing of the auction centre system should continue."

To get back on track and meet privatisation targets next year, the three officials urged the government to give the effort higher priority. They wera particularly concerned about a proposed law effectively making agro-industrial companies, about half the 8,000 enterprises expected to be sold and an important export industry, ineligible for privatisation. The conservative parliament, under pressure from a strong industrial lobby, earlier this year put 6,100 companies on a hands-off list.

In Washington last week Mr Marchuk gave US and World Bank officials assurances that reform would be pushed from the top. A US official ssid USAID planned to continue financial support for Ukraine next year.

But its future remains in doubt since US Republican senator Jesse Helms wants to pare, then fold the beleaguered aid agency into the State Department. A vote may take place in the coming weeks.

The Group of Seven industrialised countries want to conclude an agreement with Ukraine to close the Chernobyl nuclear power plant by the end of this year, according to a senior US administration official, writes Matthew Kaminski in Washington.

The official said the west could allocate $1bn-$2bn to close the stricken Chernobyl station, but Ukraine must seek sdditional private sector investment as well. He added that the G7 had come up with a comprehensive strategy to decommission the plant and resolve Ukraine's energy crisis.

Ukraine wants an estimated $4bn in western aid to replace Chernobyl with a gas-fired power station before a promised shutdown in 2000. "Ukraine's idea that all they need is $4bn will not resolve this," the US official said. "This isn't going to happen only through government aid."

EUROPEAN NEWS DIGEST

Turkish PM signs pact

Mrs Tansu Çiller, Turkey's caretaker prime minister, said last night she had completed negotiations to form a new government supported by two small parties, one from the far right and another from the centre left.

Mrs Çiller has signed a seven-point protocol with Mr Alparslan Türkeş, leader of the Nationalist Action party (MHP), and Mr Bülent Ecevit, head of the Democratic Social party (DSP), also indicated he would support the government. However, Mrs Çiller's conservative True Path party (DYP) has only 182 MPs and would still need the backing of at least six other MPs to secure a majority in parliament.

Mrs Çiller agreed to Mr Türkeş's demand to negotiate an end to a three-week strike by 330,000 public sector workers. They are demanding pay increases which the government says will breach its strict spending controls. Mr Türkeş also said he would refuse to support relaxation of Turkey's draconian anti-terrorism law. European Parliament members have warned they will reject a vital trade pact between Turkey and the European Union unless this law is reformed. Analysts last night were unsure whether Mrs Çiller's latest attempt to form a government could work. *John Barham, Ankara*

Progress on EU works councils

The European Parliament has succeeded in modifying the European Commission's social action programme so as to strengthen workers' rights.

The most controversial part of the draft compromise agreement between Mr Padraig Flynn, the social affairs commissioner, and the Socialist-dominated parliament, will speed up negotiations between employers and unions on creating consultative works councils in all companies with more than 50 employees. The agreement will be discussed next week by the Commission and it is expected to lead to approval of the social action programme by the parliament in November.

Employers and unions will be expected to try to reach a voluntary agreement on the proposal to create consultative works councils but the agreement says that "pending the outcome of those consultations, the Commission will not at this stage withdraw the so-called Vredeling proposal for a directive". That controversial measure would have forced the councils on companies but was shelved by the Commission in 1983 in the face of stiff opposition. *Robert Taylor, London*

UK opposes unified air traffic

Air traffic control should remain in the hands of nation states rather than being transferred to a single European institution, Sir Christopher Chataway, chairman of the UK's Civil Aviation Authority, said yesterday. Sir Christopher told the European Aviation Club in Brussels that while there was increased scope for co-operation between air traffic control authorities, he could find "no convincing argument to promote the case for a European international institution as the single system responsible for Europe's air traffic control system".

Sir Christopher said that the 17-member Eurocontrol organisation played an important role in harmonising standards and regulating air traffic flow. He said, however, that the extent of co-operation on air traffic control was best left to national governments. He said: "This is a collection of very complex businesses operating in 34 different and highly political environments. It is unlikely that the political and management genius exists to run all these organisations as a single entity." *Michael Skapinker, London*

Brussels in Lisbon bridge protest

The European Commission has written to the Portuguese government warning that it believes a contract to widen and reinforce the suspension bridge over the Tagus river in Lisbon may have been awarded unfairly.

Brussels is worried that strict rules on public tenders may not have been followed in granting the contract for the Ponte 25 de Abril to a German-led consortium of DSD-Dillinger-Stahlbau, American Bridge, Weiss & Freytag and Teixeira Duarte. The price tendered by the group was Es35.9bn (£152m), the highest bid. The defeated consortium led by Soares da Costa, Portugal's biggest construction company, immediately complained that the award did not go to the lowest priced tender. *Emma Tucker, Brussels, and Peter Wise, Lisbon*

Bank of Finland cuts key rate

The Bank of Finland yesterday cut its key short-term interest rate, giving a swift seal of approval to last week's landmark national wage accord to hold inflation down.

The reduction in the bank's tender rate from 6.0 per cent to 5.5 per cent should boost the effort to fight unemployment, which at 17 per cent is Europe's second highest jobless rate. Also yesterday Finland's current account surplus widened to FM1.6bn ($374m) in August from FM1.1bn in July. Finland has kept inflation well below 1 per cent in 1995, even though the economy is growing by around 5 per cent in a powerful rebound from deep recession between 1991 and 1993. The centralised wage accord between unions and employers provides for an average 1.8 per cent pay rise in November and a further 1.3 per cent in October 1996.

This accord should help Finland meet its 2 per cent inflation target. *Christopher Brown-Humes, Stockholm*

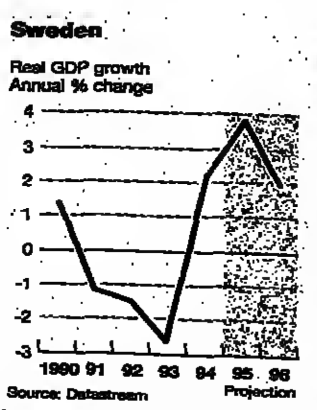
Danish banker's currency pledge

Denmark will seek a mutually binding agreement to link the Krone to the common currency area formed when European economic and monetary union is implemented, Mrs Bodil Nyboe Andersen, governor of Denmark's central bank said yesterday to the British Import Union.

As a commited non-participant, she said that Denmark would nevertheless pursue an economic policy for meeting the benchmark of good economic policy behaviour which the convergence criteria have become. *Hilary Barnes, Copenhagen*

ECONOMIC WATCH

Warning on Swedish growth



The Swedish economy will show faster than expected growth in 1995, but the expansion rate will tail off sharply next year, according to the government's National Economic Research Institute. It said GDP would rise by 3.9 per cent in 1995, compared with its June forecast of 2.6 per cent and a prediction of 3.5 per cent growth by the finance minister, Göran Persson, earlier this week. However, the institute said growth would slow to 2.0 per cent next year, against s June forecast of 2.9 per cent. The institute said a strong increase in exports and a big rise in industrial investment underpinned its revised forecast. But it warned that both would grow more slowly next year while the domestic economy remained relatively weak.

The institute said Sweden was likely to meet the budget deficit criteria for participation in European economic and monetary union by 1997. However, it would not meet a strict interpretation of the public sector debt criteria until the year 2003. *Christopher Brown-Humes, Stockholm*

■ Danish unemployment fell to a seasonally adjusted 10.3 per cent in August from 10.5 per cent in July.

■ Turkey had a provisional current account deficit of $25m in July against a $43m deficit in June, and compared with an $800m surplus in July 1994.

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EUROPEAN NEWS DIGEST

Alcatel Alsthom faces FFr25bn loss

Mr Serge Tchuruk, chairman of Alcatel Alsthom, yesterday confirmed the French telecoms, transport, and engineering group could suffer a loss of up to FFr25bn ($5bn) this year as a result of his radical restructuring programme. However, he said the group would record a profit in 1996. He had previously forecast a return to a satisfactory level of profits in 1998.

The forecast heavy losses, expected to be among the biggest for a French company, are due to restructuring provisions estimated at FFr10bn-FFr12bn, and a similar amount of depreciation charges. These come on top of a poor trading performance, notably by the group's telecoms division. Yesterday, Alcatel's shares fell FFr17.5 to FFr437.4.

The impact of the shake-up will be partly offset by disposal of assets. Mr Tchuruk has said he aims to raise about FFr10bn from the sale of non-core assets, prompting speculation about the unwinding of the group's investment portfolio and cross-shareholdings. These include a stake of about 2 per cent in Fiat of Italy, an investment which Mr Tchuruk indicated was under evaluation. *John Ridding, Paris*

Aker surges 80% to NKr643m

Aker, the Norwegian oil, cement and technology group, yesterday reported an 80 per cent jump in pre-tax profits from NKr358m to NKr643m ($103m) in the first eight months. Better results from cement and building materials activities and a NKr131m gain on the sale of shares in Saga Petroleum more than offset lower profits from the group's oil and gas technology unit.

There was also a much better performance from Norwegian Contractors, an offshore engineering and construction company which is being wound up as part of a broader restructuring. The shake-up in August was partly designed to protect Aker's main units from a NKr2.3bn lawsuit it is facing over the sinking of an offshore gas platform it built in 1991. Earlier this week Aker agreed to merge its cement and building materials business with those of Sweden's Euroc.

Group sales fell from NKr11bn to NKr9.69bn but operating profits rose from NKr441m to NKr659m. Aker said cement and building activities were ahead but its oil and gas unit full-year figures would be lower. *Christopher Brown-Humes, Stockholm*

Australian buy for Walter-Bau

Walter-Bau, one of Germany's biggest construction companies, yesterday bought a 75 per cent stake in CC Concrete Construction, the second largest Australian construction company. The group would use this as a way into the fast growing Asian construction market. CC Concrete Construction had sales last year of A$850m (US$549.7m) and is well represented in Thailand and Malaysia, Walter said.

Walter said it hoped to benefit from the construction boom expected ahead of the Sydney Olympic Games in 2000.

Holzmann and Hochtief, Walter's two big German rivals, already have footholds in Asia, a fact which is likely to have prompted Walter's move. *Michael Lindemann, Bonn*

Voest-Alpine Stahl floated

Voest-Alpine Stahl, the Austrian state-controlled steel maker, has been successfully floated on the Vienna stock exchange with an initial issue of 11.2m shares at Sch285 per share. The Sch3.2bn ($316m) issue, one of the largest privatisations in Austrian history, was made up of 3m new shares and 8.2m shares offered by OIAG, the state industrial holding company.

Following the offer, OIAG holds 43.4 per cent of the enlarged capital and VA Tech, a sister company active in metallurgical and plant engineering, has 23 per cent. *Ian Rodger, Zurich*

United Air reaffirms link with Lufthansa

By Michael Skapinker, Aerospace Correspondent

United Airlines of the US has assured Germany's Lufthansa that their alliance will continue, despite United's talks with USAir, in which British Airways has a 24.6 per cent stake.

Mr Jürgen Weber, Lufthansa's chairman, said in an interview in London yesterday he had spoken to Mr Gerald Greenwald, his counterpart at United, who has assured him of "the strength of our relationship".

Questions over United's code-sharing partnership with the German carrier were raised this week by news that USAir was in talks with both United and American Airlines, which could lead to a takeover.

Analysts have speculated that both US carriers might attempt to use a takeover of USAir to establish a code-sharing partnership with BA.

Code-sharing involves one airline selling seats on an aircraft operated by another.

Mr Weber agreed that if United took over USAir it would have to decide whether it wanted Lufthansa or BA as its European partner.

He said: "You can't sleep in the same bed with two ladies." He added that he was confident United would remain with Lufthansa.

Asked what BA would do if United succeeded in taking over USAir and ended the latter's relationship with the UK carrier, Mr Weber said: "They are very innovative people. They will find something."

Earlier, in a speech to the German-British chamber of Industry and Commerce, Mr Weber attacked BA's alliance strategy, which has involved taking minority equity stakes in both USAir and Qantas of Australia. BA has representatives on the boards of both companies.

Mr Weber said: "Our tie-ups are of a different nature. Mutual benefits rather than influence and control, persuasion rather than voting rights, are the shared convictions of our partners."

Allianz chief criticises 'myth' of single market

By Wolfgang Münchau in Frankfurt

The chairman of Allianz, Germany's biggest insurance company, yesterday criticised the single European market for insurance as "a myth", adding that it would not become a reality until the EU agreed on harmonisation of legal and social security systems.

Mr Henning Schulte-Noelle's criticism underlined widespread frustration in the industry about the difference between the EU's rhetoric and the reality of the single European market for insurance.

Mr Schulte-Noelle detailed some limited financial results for the first six months of the current year. Premium income rose 3.1 per cent to DM36.5bn ($25.4m) compared with the same period in 1994 – a figure depressed significantly through the appreciation of the D-Mark against the dollar.

Without currency effects, premium income would have risen 7.8 per cent.

He said that profits – which rose 12.2 per cent to DM2.26bn before tax in 1994 – should increase further in the absence of unforeseen market movements or natural catastrophes.

One London-based analyst said the results were "as usual, totally unsurprising". He said the company was a "300lb gorilla with perennially low returns on equity".

Allianz' share price remained in the trading range of the previous days, closing yesterday at DM2,599, down DM6 on the day.

Mr Schulte-Noelle said the main competitive pressure for Allianz had not arisen from the single market, but from various developments in national markets.

He said: "There is much movement [in Europe], but there have been no upheavals... There is no boom in new start-ups of insurance companies, nor has there been a flood of exports of services across the borders.

"Altogether, the single market remains a myth, and this will only change when the so far neglected of legal, tax and social security systems in the EU are harmonised."

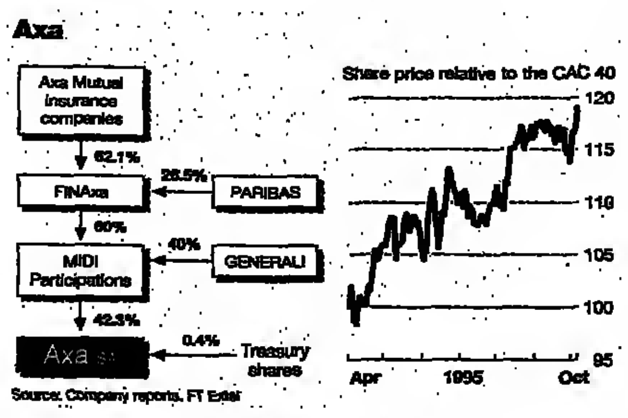
By contrast, he gave a ringing endorsement for the single European currency, which he said "will stimulate cross-border investments and trade relations, reduce costs, strengthen growth and innovation, and will contribute to a solution to the pan-European unemployment problem".

Mr Schulte-Noelle's unequivocal support stands out, both in terms of its tone and its conclusions, at a time when Germans are becoming increasingly lukewarm towards a single European currency, fuelled by anti-EU comments from populist politicians and central bankers.

Generali hopes to patch up rocky relationship

Insurer may sell its stake in Axa if the French group does not collaborate on future plans

Axa



Source: Company reports, FT Extel

It is rare for Assicurazioni Generali, the insurer and Italy's largest quoted company, to throw its doors open to journalists, so last week's press conference at the group's operational headquarters near Venice was bound to be unusual.

Generali's new chairman, Mr Antoine Bernheim, a general partner at Lazard Frères of Paris, speaks no Italian, so the press conference was conducted almost entirely in French. This added to its curiosity value. But the dominant language also reflected Generali's preoccupation with its investments in France – above all, its 16 per cent indirect stake in Axa, the French insurer headed by Mr Claude Bébéar.

Mr Bernheim and Mr Gianfranco Gutty, Generali chief executive, seemed full of praise for Mr Bébéar's efforts in transforming Axa from a strong domestic company into a powerful international force.

"I consider Axa a magnificent insurance company, and Bébéar a very fine businessman and an excellent insurance professional," Mr Bernheim said.

However, such admiration was expressed through gritted teeth, because the Axa investment has been, as Mr Gutty put it, a "captive shareholding" for Generali for the last six years.

The press conference's real message was that if Axa did not co-operate with the Italian company on future international developments, Generali would sell its stake. "We want the chance to behave like adults," Mr Bernheim said.

Generali's Axa stake is the bitter legacy of a battle fought in the late 1980s for control of Compagnie do Midi, a diversified French insurer. Mr Bernheim admitted last week that Geoerali had entered the battle because it wanted to prevent Allianz, the large German insurer, establishing a powerful position in the French market.

However, the tactics backfired when Midi, in which Generali already had a large stake, decided to ally with Axa against Generali. In the end, it was Mr Bébéar who emerged as the victor.

In 1989, after months of wrangling, Axa and Generali agreed to collaborate on future developments. However, Mr Gutty said last week that this already rather forced friendship began to break up shortly afterwards when Mr Béhéar started an international expansion strategy.

Part of the problem is that Generali does not have a direct investment in Axa – it owns 40 per cent of Midi Participations, an unquoted vehicle which in turn owns 42 per cent of the quoted insurer.

Although Generali has three directors on Axa's hoard, including Mr Bernheim, Mr Gutty and Mr Coppola di Canzano, Generali's former chairman, the Italian company feels snubbed. Generali is accustomed to the Italian system in which control is often exercised through a large minority stake, but in the case of Axa the boot is on the other foot.

"It hasn't been a waste of time," Mr Bernheim said last week. "Axa has changed completely since 1988, and for the good." For example, he was full of admiration for Axa's 1991 takeover of Equitable of the US.

Generali is growing its French operations by combining them with La France, an insurer indirectly controlled by Lazard Frères.

However, Mr Bernheim hopes he can persuade Axa that it would be worth co-operating in the development of new ventures in the far east and Indooesia, where he sees Axa and Generali as a strong combination against large and aggressive US and Japanese insurers.

But although this strategy would have a certain logic, it is hard to see what more Mr Bernheim can do to persuade his compatriots at Axa to open the door to future co-operation. He did not set a deadline for a decision on whether Generali would sell or stay.

Mr Bébéar, in cootrast, expresses some mystificatioo at tha way in whicb Mr Bernheim's comments have been interpreted. He stresses that Generali's directors always voted in favour of Axa's decisions on the board and that co-operation has been stroog and relations friendly between the two groups.

He concedes that there bas heen relatively little co-operation in the past over oew veotures, but places the blame firmly in the Generali camp, saying Axa could never find anyone willing to collaborate at the Italian end.

He says the existing structure of links between tbe two companies may change in the future, hut adds that any modificatioo would have to involve benefits for hoth sides.

More generally, change in Axa's ownership is all hut inevitable. The group is set for a listing on the New York Stock Exchange next year, and bas raised the possibility of listings in Tokyo and Loodon. It had also issued a large number of coovertible bonds – including FFr2.2bo ($444m) at the start of this year – which could dilute existiog shareholders.

In the looger term, Mr Béhéar says control of the group, which is held through a series of mutuals with 62.1 per cent of the voting rights, may change.

He argues it was essential in the past to allow the group to evolve shielded from the reaction of the equity markets. This structure is now less necessary, and he believes voting control of the mutuals could fall to less than 50 per ceot.

In the sbort term, the suspicion is that Mr Bébéar still holds tbe keys to the future of the two companies' strained relatlonship, including the possibility that Generali's influeoce could be diluted still further with issues of sbares or convertible boods.

When pressed last week on tbe chance of future co-operatioo between the two rivals, Mr Bernheim replied with a shrug: "Vous savez, ce o'est pas si simple la vie."

Andrew Hill and Andrew Jack

Options from Morgan and Dresdner

Not every application of derivatives leads to losses for users snch as Procter & Gamble, nor reputational damage for designers of tailor-made products such as Bankers Trust, nor catastrophic collapse for traders such as Barings. Options, a type of derivative financial instrument, also stand behind a novel and increasingly popular device to extend European employee share ownership.

J. P. Morgan and Dresdner Bank, the US and German banks, yesterday announced a partnership in Germany to market a sophisticated employee share ownership programme (esop). The venture'e first client is Continental, the Germany tyre manufacturer, which wishes gradoally to extend worker ownership from 0.5 per cent to 5 per cent.

Each employee in the "Conti 100" scheme will be entitled to 100 shares which, at yesterday's share price of DM20.7, would be worth DM2,070. A participant in the programme provides 20 per cent of the investment and receives a two-year interest free loan for the remaining 80 per cent.

Employees are guaranteed against a fall in the company's share price. For a fee from Continental, J. P. Morgan and Dresdner write "put" options on Continental shares. These give employees the right, but not the obligation, to sell their shares at the initial share price. If the market price falls below that level, they can exercise the option and avoid losses. If the market price rises, they can take a profit and let the option lapse.

The expertise of J. P. Morgan, one of the leading derivatives houses, comes into play in providing the hedge – the guarantee against a fall in the share price.

It offsets the exposure it takes on through the sophisticated process of "dynamic hedging". J. P. Morgan does this by selling or shorting Continental shares. Any losses on the put options are mitigated by gains on these short positions. J. P. Morgan's own hedging is "dynamic" because the offsetting position varies – according to Continental's share price, its volatility and the likelihood that it ends the two-year period down.

The protection provided by J. P. Morgan allows employees to invest without jeopardising their savings; and it provides security for workers to borrow and thus leverage their investment. The company can introduce incentives without jeopardising employees' savings and morale.

A potential drawback is that by cushioning against share price falls, the incentive for employees to boost the company's performance is dulled. Another is that an investmeot bank's dynamic hedging – selling as the market goes down – tends to increase the volatility of a company's share price.

Nevertheless, the design and implementatioo of esops is a thriving business for derivatives houses in Europe. Cootinental is the first German company to use a hedged scheme. J. P. Morgan said yesterday it was in discussions with seven other German companies. Deutsche Telekom, the largest employer in Germany, is considering appointing an investment bank to handle an esop when privatised next year.

Bankere Trust, the US investment hank, may have been damaged by suits from clients such as Procter & Gamble, complaining about sales practices. But it has been the pioneer in extending derivatives techniques to esops, with scbemes for Rbône-Poulenc and Elf Aquitaine wheo tbe French state companies were privatised. In total, it has closed eight transactions in France and elsewhere, and another three are pending.

The eotry into the market of banks such as J. P. Morgan, Société Générale and Natiooal Westminster Bank, has reduced margins. However, work on tbe scbemes provides investment banks with an entrée to chief executives, and an opportunity to develop relationships and win other husiness.

There is ooe other, intangihle benefit for investment banks. Recent losses by banks and companies have, however unjustly, tarnished the reputatioo of derivatives. Harnessing the instruments to a popular cause, the empowerment of the workers, could help in their rehabilitation.

Nicholas Denton

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Nissan to close engine plant as demand falls

By Michiyo Nakamoto in Tokyo and Ian MacDonald in London

Nissan, Japan's second largest car maker, is to close an engine plant at its Kyushu complex in southern Japan, a move that underlines the growing problems of the Japanese car sector.

The Y20bn ($197m) greenfield plant was opened only four years ago. Since then, however, domestic demand for saloon and coupe cars using Kyushu engines has slumped while sales of recreational vehicles, requiring different engines, has grown strongly. In the spring of this year Nissan effectively mothballed the plant pending a decision on its future.

The pressure on Nissan comes both from home – where there is overcapacity in the new car market – and abroad, where demand is in decline.

Before the Japanese recession began to bite in the early 1990s, car makers, including Nissan, expanded their domestic operations substantially in order to meet strong demand.

The Kyushu engine plant, which was part of that expansion, began operations just as that recession – the longest since the second world war – plunged Japanese industry into trouble.

In its heyday, the plant turned out about 20,000 engines a year, but demand had been falling recently.

The 100 or so workers employed at the factory have been transferred to other units, while another Nissan facility in eastern central Japan has taken on Kyushu's former output requirements.

The weak market forced Nissan to admit last month that it was likely to fall short of its car production target this year by between 30,000 to 40,000 vehicles.

Analysts have long pointed out the need for consolidation among Japanese car makers.

Mr Matthew Ruddick, industry analyst at James Capel in Tokyo, noted in a recent report that the fall in domestic capacity utilisation had been one of the main factors behind the decline in Nissan's profitability in recent years.

After peaking at 95.2 per cent in 1991, capacity utilisation at Nissan fell to about 64 per cent last year, Mr Ruddick estimates.

However, Nissan has been one of the most active among Japanese car makers in addressing the problem of overcapacity. Earlier this year, it closed a manufacturing plant on the outskirts of Tokyo which produced about 500,000 units.

It also halted consignment production of a 3-door passenger car by Fuji Heavy Industries.

As a result of these moves, Mr Ruddick expects Nissan's capacity utilisation to improve significantly within several years, although it is unlikely to return to the high levels seen earlier this decade.

Thai venture for Morgan Stanley

By Ted Bardacke in Bangkok

Securities One, part of Thailand's Finance One group of companies and one of the country's largest brokerage houses, is to form a domestic joint research, equity sales and trading operation with US broker Morgan Stanley.

The agreement involves no cash but will give Morgan Stanley its first direct presence in Thailand with access to Securities One's large stable of research and analysts of the Thai equity market. In return, Morgan Stanley has agreed to pass its trades in Thailand through Securities One.

Securities One has lost several sub-brokers recently, and analysts have expected the company's market share to fall below 5 per cent by the end of the year. If Morgan Stanley can generate significant investments in Thailand among its customer base, Securities One should be able to reverse this downward trend, analysts said.

Japanese banks call it a day for Jyuso

By Gerard Baker in Tokyo

Japan's seven trust banks have agreed to liquidate Jyuso, the housing loan company they founded 20 years ago, now virtually insolvent under a pile of non-performing loans.

Mr Ken Fujii, president of the Trust Companies Association of Japan, said yesterday: "The seven banks have agreed on the liquidation of Jyuso, although specific disposal measures have yet to be decided."

Jyuso is one of eight housing loan companies most of which are now technically insolvent. They advanced vast amounts of property-related loans during the "bubble economy" in the late 1980s. When prices fell in the early 1990s, they were left with bad loans that now total some Y8.4bn ($83m), or more than two-thirds of their entire loan book.

Mr Fujii said institutions that provided loans to Jyuso should bear most of the costs of its liquidation. "Self responsibility is the prerequisite for lending activities by financial institutions," he said.

The question of who should bear the losses from the imminent collapse of the housing loan companies is a thorny one. Among their largest creditors are agricultural co-operatives, which have more than Y6bn in deposits with the companies. But the leading banks, which established the mortgage lenders, also have about Y6bn in loans to them.

The agricultural co-operatives have argued that since the banks founded the companies, and introduced many of their customers, they should bear the lion's share of the costs of liquidation. The banks argue, however, that the agricultural co-operatives should accept their duties as ordinary creditors in failed institutions.

A special finance ministry committee is investigating the problem.

SHK Properties celebrates advance with bonus

By Louise Lucas in Hong Kong

Sun Hung Kai Properties, one of Hong Kong's leading property developers, yesterday followed fellow developer Henderson Land in awarding a special cash bonus to shareholders after announcing a 17.5 per cent increase in net profits in the year to June 30, from HK$8.82bn last year to HK$10.36bn ($1.33bn).

The bonus of 38 cents matches last year's payout and is on top of a HK$1.17 dividend, up 15.8 per cent on last year's $1.01.

The results, which were broadly in line with market expectations, were accompanied by one of the more upbeat chairman's statements to come from a developer. Hong Kong home prices have fallen around 20-30 per cent off their peaks, a result both of rising interest rates and government measures to curb speculators. A number of property chiefs have been calling for the government to relax these measures while blaming the sluggish market for a deceleration in earnings growth.

Conversely, Mr Walter Kwok, chairman and chief executive of SHK Properties, sees the market being reactivated now homes are at more affordable levels and interest rates stabilising.

During the past financial year SHK Properties completed 5.7m sq ft of development, more than a quarter of which has been retained for rental.

Gross rental income last year was HK$4.05bn, up 21 per cent over the previous year, with rents still rising in spite of the slide in market rentals of offices and shops over the past year. The group's current landbank in Hong Kong stands at 41.3m sq ft, plus 18m sq ft of agricultural land in the New Territories.

SHK Properties' other interests, principally in hotels, local infrastructure and mobile phones, also performed well. Last month a consortium led by the group won its bid to build and operate the air freight forwarding centre at the colony's new airport on Lantau island – the first airport related project in which SHK Properties has participated.

The company's earnings per share rose 14 per cent to HK$4.46 in the year to June 30, from HK$3.91 in the previous year. There were no exceptional items, and the net operating profit was up 17 per cent at HK$11.38bn from HK$9.78bn last year.

Malaysian carrier driven by big ambitions

MAS has had a bumpy ride but expects rapid growth ahead, writes Keiran Cooke

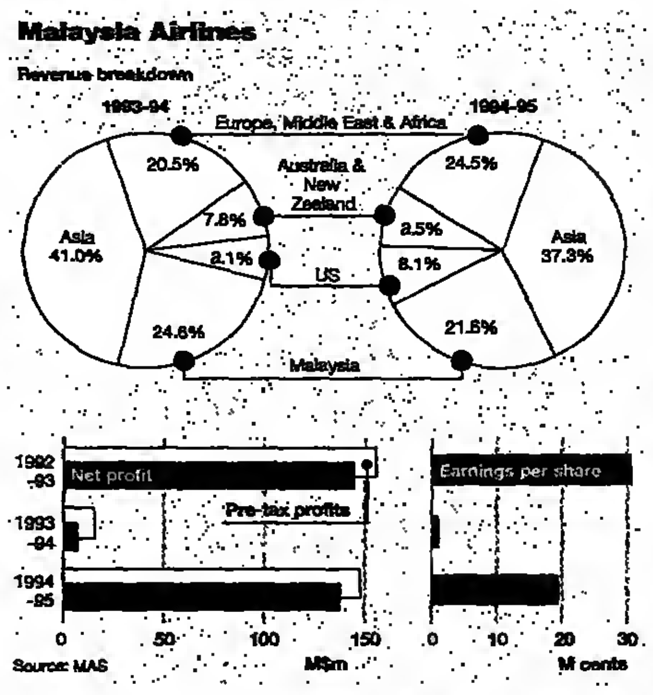
Mr Tajudin Ramli, chairman of Malaysia Airlines (MAS), has big ambitions. The aim, says Mr Tajudin, is to make MAS "the largest, most successful and most respected airline in the world".

Over the past five years, MAS has almost doubled capacity, spending more than US$4bn on new aircraft in what has been one of the most comprehensive fleet expansion programmes undertaken in the airline industry. Mr Tajudin now talks of spending an additional US$4bn on 25 more aircraft by the end of the century. Any suggestion that MAS is flying too fast is brushed aside.

"We believe that the next five years is the boom period for the airline industry, with the Asia-Pacific region set to lead the world in terms of traffic growth," says Mr Tajodin.

In spite of the brave talk from the MAS cockpit, the airline has had a bumpy ride in recent years. The fleet expansion programme has been justified in terms of regional passenger growth: Asia continues to be the world's fastest growing air travel market, expanding at about 9 per cent a year. MAS boasts of having the world's youngest fleet and is well positioned to take full advantage of continued market buoyancy.

Bnt the aircraft purchases have resulted in a big debt burden and financing and interest payments charges have dragged down profit levels. MAS borrowings are M$6.6bn (US$2.65bn) and forecast to rise to M$7.5bn by mid-1996. By contrast, Singapore Airlines (SIA), the Malaysian carrier's main regional rival, is debt-free.



An MAS cash call is thought likaly within the next 12 months. "Instead of talking aboot further expansion and more expenditure, MAS should be consolidating and concentrating on cutting costs," says a Singapore-based industry analyst. "Its ambitions could be its downfall."

Mr Tajudin took control of MAS last year, purchasing 33 per cent of the group's shares from Bank Negara, the central hank, in a highly leveraged M$1.79bn deal. Hopes were high that Mr Tajudin, one of the country's richest and most politically well connected businessmen, would bring greater financial discipline to what had been an overly bureaucratic quasi state operation. Just how good a chief pilot Mr Tajudin is turning out to be is a matter of some debate.

Mr Tajudin made his initial fortune in the early 1990s after being granted a licence to operate the country's first cellular phone network. His critics say he has no experience in the airlina business. A new MAS management team is intent on splitting the airline up into various profit centres. In spite of a freeze on recruitment MAS is still considered to be over staffed: prodnctivity levels are well down on other regional airlines such as SIA and Cathay Pacific.

MAS operations are still politically influenced. Analysts say some routes, such as from Johannesburg to Buenos Aires, are run more for political prestige than for profit. The government controls prices within Malaysia: MAS is forced to continue services on several loss-making domestic routes as part of its role as national carrier.

On the plus side, Mr Tajudin and MAS win points for introducing a code sharing agreement with Virgin Atlantic on the London-Kuala Lumpur route. The London route is one of the most busy for MAS. For several years the Malaysian governmen has been pressing the British authorities to allow more flights.

The code sharing agreement, in force sinca June, has allowed MAS to double its flights to and from London to 14 per week. Other code sharing arrangements are coming into force on routes to Australia. In spite of the increased capacity to London, aircraft are flying more than 70 per cent full bot revenue yields have been affected by a price war with SIA. Standard return fares to London on both airlines have dropped from M$2,500 earlier in the year to about M$1,500.

While recent aircraft purchases have caused debt problems, MAS has been able to reduce the number of leased aircraft in its fleet from 37 at one stage in the early 1990s to seven. "MAS has very effectively repositioned its fleet," says Mr Richard Jones, head of research at Barings in Kuala Lumpur. "Leased aircraft are expensive. There will be considerable cost savings in the near to medium term. MAS has taken the view that traffic levels are going to keep expanding at their present pace."

In the past, a substantial portion of cargo was ahipped via Singapore. Cargo services have been reorganised and expanded, with more facilities being built at Kuala Lumpur. Cargo carried by MAS increased by nearly 30 per cent in the year to June.

A new M$9bn international airport being built 50km south of Kuala Lumpur is likely to be the key to MAS fortunes. Malaysia is determined to make the airport a bub in the region, and draw business away from Singapore in the south and Bangkok in the north.

If more airlines use the new airport, MAS will be able to take advantage of reciprocal rights to various destinations. Domestic services are likely to benefit from a rise in feeder services in and out of Kuala Lumpur.

But if the airport's performance does not come np to expectations, then Mr Tajudin's high-flying ambitions are likely to be permanently grounded.

Kmart warns of sharply reduced profits

By Maggie Urry in New York

Kmart, the troubled US retailer, warned yesterday that third-quarter earnings per share would be "well below" the 4 cents made in the same period of 1994.

The profit warning cut the shares by $¾ to $12¾ in morning trading, while other retail shares were mixed in reaction to varied reports of September retail sales.

Kmart reported a 4.1 per cent rise in comparable store sales in September, a figure dragged down by a 10.1 per cent drop in same-store sales at its Builders Square chain of do-it-yourself shops. For the 35 weeks to September 28, comparable store sales were up 4.3 per cent.

The retailer said although sales in the core Kmart chain were "encouraging", margins were under pressure, holding back profits. Higher sales were achieved through greater promotions and by cutting prices "to clear older, unproductive merchandise", the company said.

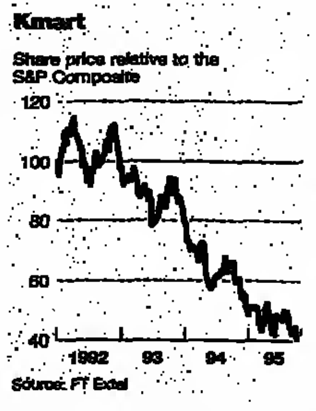
The group's second quarter was the 10th consecutive quarter of deteriorating profit performance. For that period it incurred a net loss of $54m, with continuing operations earning only 5 cents a share.

Lower margins were behind the poor results as the company cut prices to shift goods.

Problems at Kmart have been building for months, culminating in March with the resignation of Mr Joseph Antonini as chief executive and the appointment in June of Mr Floyd Hall as his replacement. Investors are anxiously waiting for some signs that Mr Hall is turning tha group around.

However, earlier this week Moody's Investors Services, the credit rating agency, put Kmart's debt on review for a downgrading, citing the "significant challenges" the new management faces.

It said: "Although the new management team has made considerable progress in identifying and addressing Kmart's historical prohlama, the increasingly competitive and very promotional environment intensifies the challenges that it faces in rapidly improving tha company's returns and market position."



Among other retailers, Ann Taylor, the fashion group, suffered a 10 per cent drop in same-store sales in September. Its shares fell $1¾ to $14¾.

Dayton Hudson, which operates the Target discount chain and traditional department stores, said its Target sales performance was strong, with comparable stores up 9.1 per cent in September. Its department store sales, however, fell 1.5 per cent on a comparable basis. Third-quarter earnings from that division are expected to be "modestly lower". Its shares rose $1¾ to $73¾.

Grupo Synkro set to default on $50m bond

By Stephen Fidler, Latin America Editor

Grupo Synkro, the leading Mexican producer of hosiery, is set to default on a $50m Eurobond issue due to mature tomorrow, bankers said yesterday.

The Luxembourg-listed 8 per cent bonds were issued in 1992 by a group lead-managed by Chase Investment Bank at a price of 100, and are due to mature on Saturday. Bankers said the company was not expected to have the resources to repay the bonds.

The default would be the second by a Mexican private sector Eurobond issuer since devaluation plunged the country into financial crisis in December. The first was by Aeroméxico, whose bond and commercial paper holders agreed in July to exchange $137.5m of debt for new five-year notes with an annual interest rate of 9.75 per cent.

Grupo Synkro went on the acquisition trail in 1993 to buy the US tights maker Kayser-Roth for $233m, a transaction said at the time to make it the world's second largest producer of hosiery. The deal was also said to be the third largest acquisition by a Mexican company. Chase advised on the transaction.

Bankers said the company also used international financial markets in two other transactions: a commercial paper programme and an international bank loan used to buy Kayser-Roth.

Placer Dome withdraws from Kazakh venture

By Bernard Simon in Toronto

The future of the Vasilkovskoye gold project in Kazakhstan is under a cloud following a decision by Placer Dome, the Canadian mining group, to sever its ties with the controversial venture.

Placer has pulled out of a restructuring under which it planned to sell its 27.5 per cent stake in the project to Princess Resources, a junior exploration company based in Toronto.

As a result, Princess said it was unable to fulfil an agreement to acquire Consolidated Mines of Kazakhstan (CMK), which owns 22.5 per cent of Vasilkovskoye.

Under the restructuring, CMK would have ended up with a 50 per cent stake in the project, with the remainder held by the Kazakh government. Placer would have owned 38 per cent of Princess.

Lonrho South Africa, the main mining arm of the UK conglomerate, had agreed to take responsibility for developing the deposit into a mine.

Placer said yesterday "it just hasn't worked out in the time-frame we set ourselves".

According to one person familiar with the project, Princess has been unable to meet deadlines for its financing obligations, including US$35m in convertible loan notes payable to Placer. At the same time, Placer was facing an October 11 deadline to complete a due-diligence study or forfeit a US$35m "bonus" it has paid to the Kazakh government.

Although Vasilkovskoye is among the world's biggest gold deposits, with reserves of about 14m ounces, the grade appears to be lower than Placer initially thought.

The Vancouver-based company has said it wants to focus on three projects in North and South America.

Princess executives are in Kazakhstan this week negotiating a revised deal with the government. The company said CMK's present shareholders, mostly private investors in Europe and Kazakhstan, "have agreed to assist in this effort".

Heinz expands in E Europe

By Vincent Boland in Prague

H. J. Heinz, the US foods group, has bought an 80 per cent stake in PMV Zabreh, a baby foods and dairy products company in the Czech Republic with a dominant share of the market for infant formula.

The acquisition, worth $40m, is part of a strategy by Heinz to schieve sales of $100m in central and eastern Europe by 1996. It follows investment in a Hungarian processor of baby foods and juices in July, and the opening of a cereal plant in Russia earlier this week.

Heinz bought its stake from Czech atate institutions and dairy suppliers to PMV Zabreh. Tha state retains a small shareholding, and about 10 per cent remains in the hands of the company's milk suppliers.

PVM Zabreh has an estimated 80 per cent of the market for dry baby foods in the Czech Republic and Slovakia, with annual sales of $40m. The company is based in tha eastern province of Moravia.

Dr Tony O'Reilly, chairman and chief executive of Heinz, said yesterday in Prague the acquisition would lead to new investment at PMV Zabreh, in distribution and production.

The Czech company's main brands, Sunar and Feminar, already have a high profile in their main markets, and sales, mainly confined to pharmacies, will be widened to include supermarkets.

Dr O'Reilly said Heinz would eventually use the Czech Republic as an export base for baby food products.

Tenneco may buy auto parts maker

By Laurie Morse in Chicago

Tenneco, the US industrial conglomerate, has confirmed it is in talks to buy Gates Rubber, a Denver-based automotive parts manufacturer with annual sales of $1.4bn.

Mr Dana Mead, Tenneco chairman, said the company was seeking another big acquisition for its automotive division, and might close such a deal by the end of the year.

Gates, a closely-held family concern, aaid it bad been searching since March for a publicly-held merger partner to help fund growth.

In addition to Tenneco, Gates is believed to be talking with Dana Corp, the US automotive parts group, and Tomkins, the UK conglomerate.

Gates' board is expected to review proposals from the three companies at its November 30 meeting.

Tha company has 13,000 employees and makes power transmission belts, hoses, and connectors for cars and other industrial users. Analysts said the company would complement the other businesses in Tenneco's automotive division. These include Monroe, which produces shock absorbers and suspension systems.

Tenneco is in the middle of a redevelopment programme, and is investing in three main industries: packaging, natural gas transport and transmission, and automotive parts. On Monday, it announced plans to buy packaging company Mobil Plastics for $1.3bn.

Eastman Chemical sale

Eastman Chemical of the US plans to sell its food emulsifiers business to Quest International, a unit of Unilever, Reuter reports from Kingsport, Tennessee. Terms of the deal were not disclosed.

Eastman's interest in Esterol, a joint venture in Malaysia with Quest International and Kuala Lumpur Kepong, will be included in the sale.

Esterol, a distilled monoglycerides plant being built near Kuala Lumpur, is due to begin production in 1996.

Eastman said it was also selling the unit's intangible assets, including patents, trade names and customer lists.

Wrapping up market share in Mexico

Kimberly-Clark and Scott Paper's US merger has repercussions south of the border

The proposed merger between Kimberly-Clark and Scott Paper in the US has raised expectations of a parallel merger between their affiliates south of the border.

Such a move would create the seventh largest company in Mexico and a virtual monopoly in the industry for consumer paper products. The merged company would also be the seventh largest on the Mexican stock exchange, with a combined market capitalisation of about 21bn pesos ($3.2bn).

Kimberly-Clark de Mexico (KCM) and its smaller rival Crisoba, the Scott Paper affiliate, are fierce competitors in the market for bathroom and facial tissues, paper napkins and feminine care products. In addition, KCM is the market leader in baby nappies, notebooks and printing and business paper.

Shares in both companies have risen sharply on the Mexico City bourse since Kimberly's takeover bid for Scott Paper was announced in July. While most Mexican stocks remain in the doldrums, KCM's shares have risen by nearly 50 per cent in three months. Crisoba's less liquid stock is up by 24 per cent.

If the US merger is approved, KCM and Crisoba would end up with the same foreign shareholder, as Kimberly-Clark Corporation of the US owns about 40 per cent of its Mexican affiliate and Scott Paper has a 49 per cent stake in Crisoba. Given their competing strategies, the US merger would create an awkward situation for KCM and Crisoba, unless a similar merger were to take place in Mexico.

KCM and Crisoba's Mexican shareholders are understood to have held exploratory talks on a possible merger – and on how such a marriage could be justified before Mexico's Federal Competition Commission. The controversial union would almost certainly be challenged by competitors such as Procter & Gamble.

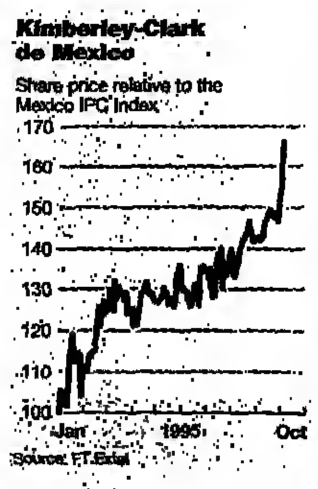
Both companies are reluctant to discuss their market shares, or the volume of imports they have displaced. But analysts estimate they hold a combined share of more than 90 per cent of the Mexican market for consumer paper products. Their close relationship with big clients, such as the retail chains, drugstores and wholesalers, has helped to keep market ahare and volume figures well-guarded secrets.

KCM and Crisoba have fared surprisingly well this year, when conventional wisdom dictates tbey should have been hammered by the Mexican crisis.

Both companies depend on an imported raw material, cellulose, whose price has soared in dollar terms, and even more in pesos since the devaluation of Mexico's currency in December. Sales, on the other hand, are focused on the domestic consumer, whose purchasing power has collapsed this year. To compound matters, there are hardly any exports to compensate for the shrinking domestic market.

KCM and Crisoba, however, have confounded analysts by increasing both the price of their products and the volume of sales during Mexico's worst recession in living memory.

KCM's net sales rose 23 per cent in real terms in the first half of 1995. Mr Sergio Paliza, its chief financial officer, says it raised prices by 20 per cent in real terms to absorb part of the increase in international pulp prices. Sale volumes climbed 3 per cent, an impressive figure when compared with the general collapse of the Mexican economy, which contracted by 10.5 per cent in the year to June.



"We recaptured sales in the north of Mexico," Mr Paliza explains. The devaluation put an abrupt end to Mexican shopping trips across the US border, while it also priced imports out of the Mexican market.

Mr Paliza says import substitution in the border economy has more than compensated for shrinking sales in the rest of Mexico. He says KCM has also benefited from the virtual disappearance of imported nappies, notebooks and printing paper from the Mexican market.

Price increases also lifted Crisoba'a uet sales by 20 per cent in the first half of the year, although volumes remained flat, according to Mr Antonio Silva, the financial director. A lossmaker two years ago, Crisoba has gone through a complete overhaul, shedding half its 5,400 employees, cancelling product lines that did not sell well, and reducing its level of debt.

It is investing $150m this year in new technology and a paper recycling plant, which will be financed out of the company's own cashflow.

"We took the tough decisions when the economy was strong," Mr Silva says. "We could not have survived this kind of adjustment in 1995. Only companies with low operating costs and little debt can survive these kind of crises."

Mr Silva believes Crisoba's return to profitability has placed it in a strong position for merger talks.

If the US merger is approved – but Mexican shareholders do not reach a similar agreement – Mr Silva believes Scott Paper will have to sell its stake in Crisoba. "We will need a new technology partner," he says. "Fortunately, we have no shortage of suitors."

Leslie Crawford

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COMPANY NEWS: UK

Rising costs squeeze margins at McBride

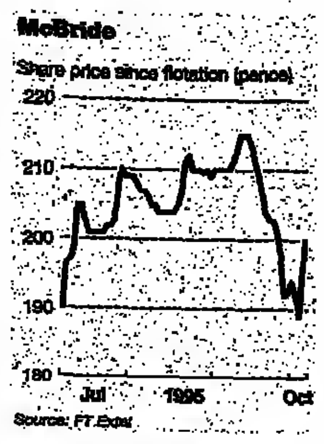
By David Blackwell

Raw material price rises put margins under pressure at McBride, Europe's largest manufacturer of own-label household products and toiletries, which was floated in July.

Nevertheless operating profits for the year to the end of June were £100,000 ahead of the prospectus forecast at £38.6m ($60m), compared with a previous £34.9m. The shares added 11p to close at 200p.

Mr Mike Handley, managing director, said the price of some packaging plastics had doubled during the year with board rising by almost 50 per cent. While the worst of the increases had passed, margins had fallen from 9.1 per cent to 8.2 per cent.

He added that margins would remain under pressure in the current first half before starting to recover.



Source: FT Extel

Group sales increased from £409m to £436.9m. In the UK washing powder sales, which account for about a quarter of group turnover, were 9 per cent higher, while dishwashing products rose 10 per cent.

However, personal care sales were flat, reflecting a disappointing contract manufacturing performance.

Operating profits in the French and Belgian division were flat, reflecting price deflation in France. In Italy sales were strong, but profits were down because of the weakness of the lire against the D-mark.

Shareholders' funds stood at £4.8m at the end of the year; the effect of the flotation will be to take £43m from net debt of £127.3m, for gearing of more than 170 per cent. Interest payments were £11.6m (£12.9m), but interest cover is expected to be five times this year. The tax charge rose from 13 per cent to 20 per cent, reflecting the utilisation of tax losses in France and Belgium.

Boddington receives takeover approach

By Roderick Oram, Consumer Industries Editor

Boddington Group, praised by the City for selling its Manchester brewery five years ago to focus on pubs, hotels and nursing homes, said yesterday it had received an approach which might lead to a recommended bid.

Greenalls Group, another former brewer, was believed to be the likely bidder.

Boddington's shares closed up 78p at 350p. A recommended bid would likely be at about 400p, several analysts calculated.

Greenalls and Boddington are seen in the City as two of the best of the new breed of pub owners. Having had the courage to shed their traditional low-profit brewing businesses, they have moved into higher margin pub retailing.

The strategies have cost them dear, however. Both are highly geared.

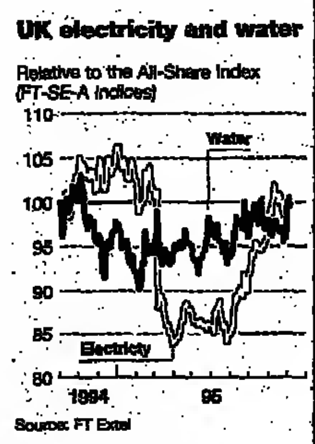
A merged Greenalls-Boddington would be the dominant pub owner in north-west England with some 1,500 pubs.

LEX COMMENT

UK water

Speculators hoping to cash in on the next takeover bonanza by shifting cash from electricity to water shares may be disappointed. Any activity is likely to be more muted than in the electricity sector. Water companies offer fewer attractions to predators than regional electricity companies (recs). For the next five years, the sector will bleed cash to fund investment. Recs will be cash neutral. Moreover, as the potential bid by Lyonnaise des Eaux for Northumbrian Water has shown, there is little incentive for merging water companies. The regulator is thought to be demanding price cuts of 15 per cent, about £27m in this case, in return for his approval.

That does not mean there will be no bids. There are benefits in combining overlapping utilities such as Northern Electric and Northumbrian or Yorkshire Electric and Yorkshire Water. Engineering or construction companies could also make savings on the investment programmes of companies such as Southern Water. But not many construction companies are strong enough to bid, while engineering groups such as Bechtel have so far opted for joint ventures.



Source: FT Extel

That still leaves two reasons why investors might want to switch from electricity to water. In the short-term the market will expect water bids, whether or not they materialise. This will offer a brief opportunity for profits. Otherwise, once the sector gets over the uncertainty of a general election, the sector's stronger dividend cover means pay-outs should grow more quickly.

Northumbrian Water moves into Mexico

Northumbrian Water, the north-east water company under siege from Lyonnaise des Eaux, has paid $24m for 40 per cent of a Mexican water group, writes Christopher Price.

It is the UK company's third move into the overseas market – it has a 60:40 venture with a Spanish construction concern and a joint venture with an Argentine water group.

It is buying into Grupo Emprearial de Mejoramiento Ambiental, a subsidiary of Cydsa, a quoted Mexican chemical and textile company. Gema, which encompasses Cydsa's environmental services business, was established as a separate company four years ago and had sales of $86m in 1994.

Gema has constructed a municipal waste water treatment plant in Chihuahua and recently signed a 10-year operating contract.

● South West Water has invested £4m in a joint venture, Societa Italo-Britannica dell'Acqua, with Emit, the Italian water and environmental services group.

Barry Wehmiller advances by 38%

By Christopher Price

Barry Wehmiller International, the packaging equipment manufacturer, increased annual pre-tax profits 38 per cent from £5.12m to £7.08m ($11m), helped by strong growth in emerging markets. The company also announced a change of name to BWI.

The strongest growth was in the vision side, which includes inspection products for the glass industry. Operating profits jumped from £73,000 to £1.22m.

Operating profits in the food equipment division grew 22 per cent with turnover declining slightly. In the pharmaceutical and general packaging business profits and sales both rose 12 per cent.

Emerging markets saw strong growth in sales. Latin American turnover increased 21 per cent to £9.52m, while Africa and the Middle East rose 34 per cent to £6.52m.

North America remained BWI's biggest market, accounting for an unchanged £25.5m of turnover. The UK was also steady at £21.5m.

Mr Stuart Brown, chief executive, said the two markets were still in a recovery situation following the recession. The recovery in continental European sales was already coming through, with turnover rising 15 per cent to £19.3m.

Mr Stuart said expansion would come through a combination of organic growth and acquisitions. "We have no gearing and a small £3.9m war chest if the right opportunity presents itself."

Exco German buy

Exco, the money broker, is to acquire Trio Holdings' German operations, which trade as Bierbaum, for DM13.2m in cash.

The business being acquired has net assets of £3.2m. It is not expected to have made any material profit for the year to September 30.

Carlsberg-Tetley cuts 500 jobs

Carlsberg-Tetley is to close its Warrington brewery in a restructuring of its brewing and distribution operations which will cost some 505 jobs, or about one in eight of its workforce, writes Roderick Oram.

The cost was not disclosed but analysts forecast Allied Domecq will take a charge of up to £60m ($93m).

The latest changes "are the final steps which move Carlsberg-Tetley from a regionally organised business to a truly national one", said Mr Ebbe Dinesen, Carlsberg-Tetley's chief executive.

Allied is thought to want to sell its half share in the joint venture with Carlsberg. Interested parties might include Bass, the UK's second largest brewer, and Carlsberg itself.

Meggitt close to selling offshoots

By Tim Burt

Meggitt, the aerospace and electronics engineering group, is close to selling its non-core contracting, analytical instruments and valves subsidiaries as part of a wide-ranging restructuring. The subsidiaries, with combined net assets of £20m ($31m), could be sold by the year end.

Mr Nigel McCorkell, deputy chairman, said the disposals would largely complete the restructuring of the group, which wants to focus on its electrical components and aviation equipment activities.

"We would expect to be degeared once this is over and could then concentrate on expanding in our core areas."

In the six months to June 30, a £718,000 loss on disposals contributed to reduced pre-tax profits of £8.08m (£8.58m). The shortfall partly overshadowed improved profits in the core electronics and controls businesses. Buoyant orders for medical and automotive components helped lift profits in the electronics division while higher exports of industrial controls boosted the controls division.

Aerospace profits, however, fell from £2.48m to £1.79m amid continuing problems at Plastics Fabricating, the US subsidiary where Meggitt uncovered product failures and falsification of documents last year.

Meggitt, which has removed the management and halved the workforce to 70, warned that the subsidiary was unlikely to break even until the second half of next year.

COMPANY NEWS: UK

Amstrad turns in £3m despite losses at Ace

By Paul Taylor

Amstrad, the restructured consumer electronics group, reported a £3.06m full-year pre-tax profit yesterday after three years of losses.

The result for the 12 months to June 30 compares with a £19.9m loss. It came on turnover that increased to £271.6m (£238.9m) including a £94m contribution from Viglen, the computer manufacturer acquired in June last year.

Amstrad's profit turnround came despite continuing losses at Ace, the traditional consumer electronics business, and a four-month delay in the start-up of digital cellular telephone handset production at Dancall, Amstrad's Danish subsidiary, after service providers took longer than expected to give their approvals.

Mr David Rogers, the chief executive brought in a year ago by Mr Alan Sugar, chairman, to revitalise Amstrad, said the profit was "quite an improvement" and that the losses in the Ace business had been "curtailed". Mr Sugar added that it was expected "to break even or make a bit of money" in the current year.

Inventories were reduced by £40m contributing to an overall reduction from £77.3m to £63.5m despite the inclusion of Viglen for the first time and the start up of Dancall manufacturing.

Mr Rogers added that sales and profits at Viglen, which posted £11.3m in operating profits, were "above plan".

Viglen's contribution helped offset £16.5m in losses from continuing operations enabling the group to record a reduced £5.16m (£26.5m) operating loss.

The pre-tax figure include a £1m profit on property disposals and £7.21m (£7.14m) of net interest income. This reflected Amstrad's growing cash pile which increased by £4.2m to £141.9m despite the first instalment in payment for Viglen and higher capital expenditure.

Future fears despite strong start

Tim Burt looks at the robust results of the vehicles engineering sector

Results season

Round-up

The engineering sector, one of the most cyclical in UK manufacturing, has amerged from the interim results season boasting robust profits and solid earnings growth.

Of the 30 or so engineering companies reporting in the past six weeks, many have cited cost-cutting, contributions from new acquisitions and export-led sales growth as the main factors behind increased profits.

Such factors have offset signs of softening demand in continental Europe and North America and increased raw material prices for steel, copper and other commodities.

Although many manufacturers have passed on higher raw material prices and enjoyed steady volume growth, several have warned that the second half could be hit by cuts in European vehicle production.

Nevertheless, large engineering groups such as GKN and T&N, which reported increased interim pre-tax profits of £161.2m (£95.7m) and £73.2m (£61m) respectively, predicted that they could withstand weaker demand in mature markets by exploiting opportunities in high growth areas such as Latin America and the Pacific Rim.

Sir David Lees, chairman of GKN, predicted that the need to expand internationally could lead to a polarisation of UK engineering, with only the largest companies able to serve customers on a global basis.

The medium and smaller-sized engineers, he suggested, could be forced to make disposals and become specialist manufacturers relying on exports from UK plants.

While reporting increased profits, several medium-sized engineers have already announced plans to sell non-core businesses in the second half.

APV, for example, reported a 22 per cent rise in pre-tax profits to £7.1m (£5.8m) but said it would sell five businesses to concentrate on manufacturing food and drink equipment. Hunting, the aviation, defence and oil equipment group, this week hinted at disposals in its aerospace arm, where its business aviation and overseas aircraft services have been hit by increased competition.

Hall Engineering (Holdings), which last week announced pre-tax profits up from £2.01m to £3.4m said it too was considering a withdrawal from under-performing areas.

Meggitt, which yesterday reported flat first profits of £8.08m (£8.58m), also plans to sell several non-core subsidiaries by the year end.

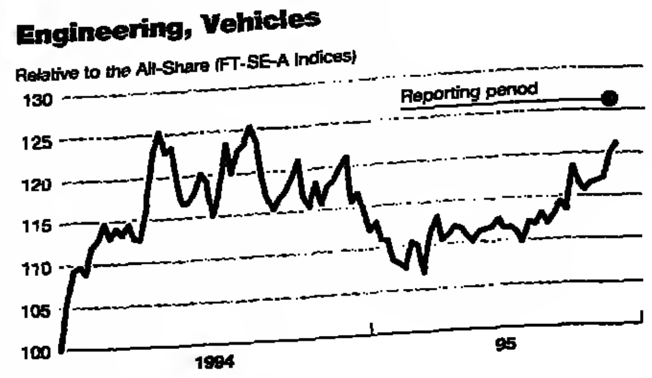
Such moves have helped other small companies return to profit, including Simon Engineering, the process plant and mobile platform group. The company, which has sold 14 subsidiaries in the past 18 months, reversed a first half loss of £12.4m last year with profits of £2.2m this time.

Given the uncertainties created by such restructuring and signs of softening demand in Europe and North America, the sector's p/e ratio is expected to fall from its present 16.2 to about 14 in 1996.

Even then, the sector would still be rated at a premium to the market. Considering that it traded on a 30 per cent discount during the worst years of the recession, that suggests UK engineering is set for continued growth.

This the second in a series on the recent results season. The Life assurance sector was considered yesterday.

Engineering, Vehicles



Source: FT Extel

Unipart to fight a renewed Rover bid

By John Griffiths

Rover Group, the UK carmaker owned by BMW of Germany, is planning to make an increased offer to regain control of Unipart, its former parts subsidiary, before the end of the year. Unipart executives have told the institutions which hold a pivotal 34 per cent of its equity that they will oppose a new bid "at any price".

The institutions and management of Unipart, which employs 3,500, have already turned down an approach from Rover to buy for £150m-£170m ($265m) the 80 per cent of the equity it does not already own.

Managers and employees between them own 46 per cent of Unipart's equity, for which Rover received £30m when the parts company was privatised through a management buy-out in 1987.

Neither Rover nor BMW has acknowledged making the first offer, nor that Rover will shortly make a higher one.

FT-SE Actuaries indices changes

The breweries sector in the FT-SE Actuaries share indices is to be renamed breweries, pubs & restaurants to reflect its enlargement to include public houses and restaurants. The new sector will form part of the services economic group in the indices' classification.

The change, which was approved on Wednesday by the steering committee which oversees the FT-SE A indices, will take effect after the close of business on December 31.

The committee said the move followed a review of all UK hospitality companies.

This found that UK breweries made greater profits from operating pubs, restaurants and other retail operations than from brewing.

The committee also announced that the spirits, wines & ciders sector would be redefined to accommodate any "pure" brewing companies. It would be renamed alcoholic beverages and would remain in the consumer goods economic group.

The leisure sector would be divided into three sub-sectors: hotel; home entertainment, and leisure facilities.

The other services & business sector and its sub-sectors had become so small that it was to be discontinued and the companies within it reclassified.

Two other sub-sectors were being discontinued: instruments, tools & mechanical handling equipment, and giftware & costume jewellery. Two new sub-sectors were being created: stationery products and waste control.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Amstrad	Yr to June 30	271.6	(238.9)	3.06♥	(19.9L♣)	2.2	(16L)	1.5	Dec 1	1.5	2.5	2.5
Barry Wehmiller	Yr to July 31	90.4	(82.1)	7.06	(5.12)	10.4	(7.5)	4.3	Jan 3	4.3	7.3	6.7
Bridgend	6 mths to June 30	8.12	(9.17)	0.094L	(0.068)	0.3L	(0.1)	0.1	Jan 8	0.1	-	0.2
Brunel	Yr to June 30	172.7	(403)	17	(71.5L♣)	13.7†	(63.4L)	0.5	Jan 31	nil	0.5	0.5
Donelson Ind	6 mths to June 30	24.3	(29.2)	0.526	(0.265♣)	1.25	(1.13)	0.65	Dec 9	0.5	-	1.5
Ferrant	6 mths to June 30	16.9	(18.5)	2.93L♣L	(4.19♣L)	11L	(33.01L)	nil	-	nil	-	nil
Galliford	Yr to June 30	209.6	(219.8)	1.17♣	(5.86L♣)	1.11	(5.04L)	0.5	Nov 27	0.5	1	1
Hopkinsons	6 mths to July 31	58.4	(53.8)	0.583L	(0.749L♣)	1.23L	(0.45L)	0.5	Nov 30	0.5	-	1.3
Hughes (TJ)	6 mths to July 29	22.1	(21.1)	0.062	(0.333♥)	0.21	(1.11)	0.8	Jan 2	0.8	-	2.85
Johnston	6 mths to June 30	65.9	(67.7)	3.8	(2.41♥)	22.67	(12.91)	4	Dec 14	3.5	-	10
Lawrie	6 mths to June 30	104.8	(93.9)	1.33	(6.57)	81.87L	(77.18)	19ᵹ	Nov 15	15	-	84
McBride	Yr to June 30	441.2	(453.2)	27.1	(21.6)	14.7	(14.7*)	-	-	-	-	-
Meggitt	6 mths to June 30	166	(161.7)	8.08	(8.58)	2.2	(2.5)	1.3	Dec 1	1.3	-	3.93
Turnpyke	6 mths to June 30	1.19	(1.25)	0.003	(0.016)	0.03†	(0.22)	-	-	-	-	-
Wensum	6 mths to July 29	6.14	(5.59)	0.636	(0.509)	5.62	(4.56)	1.575	Nov 21	1.5	-	4.35

Dividends shown net. Earnings shown basic. Figures in brackets are for corresponding period. ♥After exceptional credit. ♣After exceptional charge. †On increased capital. ᵹForeign income dividend. *Pro forma.

BUSINESSES FOR SALE

Prices for electricity determined for the purpose of the electricity pooling and settlement arrangements in England and Wales.

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RECRUITMENT

JOBS: Leadership in multinational companies requires sharp focus and adaptability

Treading the boards of business

Even those who do not enjoy browsing through the sayings of others are familiar with Malvolio's quotation from Shakespeare's Twelfth Night that "some are born great, some achieve greatness, and some have greatness thrust upon them".

But the question that Malvolio failed to address is what exactly constitutes greatness – a puzzle that has defeated many students of the buman condition in the 400 years since the Bard wrote his plays. One company tbat bas recently tried to identify the common traits or qualities that define superior leadership is Hay McBer, the buman resource consultancy.

Hay has not concentrated on political leaders, or even the chief executives of large companies. Instead it has focused on those managers responsible for a company's operations in a particular country.

What qualities do they need, more than anything else, to perform well in their role as country manager? And are these the constituents of what Hay calls the global leader? Since 1994 it has interviewed 58 chief executive officers from top-performing companies in 14 countries across a broad spectrum of industries.

The interviews are both lengthy and intensive, structured in a way that enables the researchers to pluck out those differentiating traits or abilities which, after comparison with others, distinguish superior performance.

These so-called behavioural event interviews were devised by David McClelland, a US psychologist, to determine key competencies needed to do various jobs. Competencies was the term he chose to define buman characteristics that differentiate outstanding from typical performance.

McClelland has long been and remains a strong advocate of the interview as the only effective way of finding these differentiating traits or skills. Unlike personality tests which discover what people like to do, the behavioural event interviews, say Hay, reveal what people actually do when they are working.

One thing that became quickly apparent among the actions of the best executives was that instead of spending time taking stock at the beginning of an appointment, they tended to focus rapidly on taking actions necessary to pull off a short-term success. The good ones were also able to adapt swiftly to the cultural differences. Hay McBer has picked on these two qualities, international adaptability and the ability to sharpen their focus, as essential ingredients of top multinational executives.

Focus sharpening, says Hay, is supplemented by an ability to build commitment among important stake holders: the board of directors, strategic partners, institutional investors, employees, customers and national governments.

The study observed in the most successful business leaders a strong need to achieve and continuously improve as prime motivators, but oddly, considering the continuing controversy over executive pay, money did not feature.

The leadership research found that typically the best axecutives had a broad knowledge and interest in issues and information outside their normal business boundaries. They could think conceptually in terms of the big picture. And both these abilities could be combined to provide what Hay calls "decisive insight" to give a clear direction for the business.

Competencies that could be clustered towards building commitment, says Hay, are organisational know-how, jndgment of people and ability to influence people. In addition to the need for high degrees of self-confidence in their drive for success, the study also found evidence of social responsibility among the better country managers. More than half the managers in the study said they felt their role extended beyond the confines of the company towards using their power and influence for social change.

It should be noted that the study chose those core competencies above, say, language skills or technical acumen. It was also noticeable thet the report did not pick up on less admirable qualities that we might have observed in some prominent leaders such as those capable of demonstrating ruthlessness or a capacity to be scheming, cunning or manipulative. Either these were not prevalent or they were in the main considered irrelevant to the overall picture.

The positive qualities singled out by Hay do not seem particularly surprising, but it would be wrong to conclude that nothing changes in the qualities necessary for leadership.

An earlier Hay McBer study of the managerial styles among senior executives in the US life insurance industry found that all had a combination of management styles: a mixture of authoritative – the quality that produces long-term direction and vision – democratic and pace-setting approaches.

The best of them, however, could include coaching and affiliativa styles in their repertoire. These people, says Hay, believed in the importance of professional development for long-term results, hence the coaching style. The affiliative description applies to those who exhibit a genuine concern for employees. Creating co-operation and commitment are important objectives in the affiliative style of management.

Hay believes the findings suggest an historical shift in leadership styles at the top of companies. The study said: "During the first 100 years of industrial capitalism, beads of industry relied more on coercive and pace-setting styles.

"By the 1960s and 1970s, chief executive officers often exhibited democratic and autboritative leadership styles. Today it is clear that CEOs must develop coaching and affiliative styles of leadership."

The latest Hay study attempts to refine these new leadership requirements for the multinational business. It may explain wby the more charismatic business leaders have faded from the scene. Business is changing in line with society. Just as the world is attempting to adopt greater and broader social responsibility, so this is being reflected in business.

Chris Dyson, a director of Hay McBer in the UK, points at Percy Barnevik, chief executive of ABB, the Swedish-Swiss multinational engineering group recently judged the most respected company among European managers, as an example of tha new generation of managers.

"I wouldn't categorise Percy Barnevik as a ruthless person," be says. "I see him as insightful, drawing on input from a wida range of sources, not just that whicb is gained from the managerial board."

Barnevik has also sought to create a multinational culture within higbar managemant with five nationalities represented on their executive board.

Dyson believes, therefore, that the late 20th century is demanding a new type of leader, perhaps best described by Robert K. Greenleaf, the US management writer, in his book Servant Leadership.

But while the skills to become such a manager can be developed, there is little evidence that people are capable of changing their personalities. It still appears that leaders are born rather than made. Perhaps Warren Bennis, another management writer, came close to the best that management development can hope for in suggesting that "leaders are born, then made".

The Hay global CEOs' study is due to be published later this month. Copies will be available, free of charge, from Sandra Gosden at Hay Management Consultants, 52 Grosvenor Gardens, London SW1W OAU. tel 0171 873 9127.

Richard Donkin

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Due to continued expansion in our international business, we are looking to expand our Client Service team with the appointment of an Investment Writer. Reporting to the Head of International Client Servicing, your role will be challenging and demanding. In close consultation with our fund managers, you will be responsible for writing investment reports and commentaries for our international clients, and seeing them through to final production. In addition, you will be required to edit and proof-read other corporate investment documents.

Ideally, you will have a minimum of two years' experience either in investment writing in retail services or in financial journalism. A knowledge of the fund management industry would be an advantage. More importantly, you will have the ability to demonstrate an aptitude and enthusiasm for effective written communication, and be confident in liaising at all levels. Your calm temperament and strong personal organisation skills will be used fully in meeting the demanding schedule of deadlines.

If you are interested in this role, please apply with CV and covering letter outlining how you meet our requirements to Lois McLean, Senior Personnel Manager, Gartmore Investment Limited, PO Box 65, 16-18 Monument Street, London EC3R 8QQ.

Gartmore

Gartmore Investment Limited is regulated by IMRO and the Personal Investment Authority, and is a member of the Gartmore marketing group which markets pension schemes, regulated collective investment schemes and investment services.

MANAGEMENT CONSULTANT

Financial Services

£ Salary - Negotiable + Equity

Established Financial Services company *launching* a new specialist product requires a Senior Consultant to market and develop it.

This product is aimed et Senior Management in Financial Services, particularly Investment Banking. We are looking for a talented individual with the following skills:

- ☐ A proven track record in Consulting for the Financial Services industry.
- ☐ Relationships with Senior Management in Financial Services.
- ☐ Age 33 to 45
- ☐ Training gained at a leading Consulting firm (McKinsey, Bain, etc)
- ☐ A post-graduate degree in Business or Economics.
- ☐ A high degree of drive and creativity.

Replies in confidence to Box No: A5841,
Financial Times, One Southwark Bridge, London SE1 9HL.

DC GARDNER

City based with frequent international travel

DC Gardner, a division of Euromoney, and a leading provider of financial training, is seeking a Managing Consultant to head up its new Investment Management/Equity Analysis unit, and a Consultant for its Capital Markets/Treasury area. Consultants at DC Gardner create and deliver highly tailored programmes at all levels for financial institutions.

INVESTMENT MANAGEMENT — MANAGING CONSULTANT

• This senior position involves heading up a new profit centre and generating new business as well as delivering training. Candidates will need at least 7 years of front office experience in equity sales to the institutional sector or as a fund manager. A solid knowledge of derivatives and a good academic background are essential.

CAPITAL MARKETS/TREASURY — CONSULTANT

• Candidates for the position in Capital Markets/Treasury will need to demonstrate a high level of technical expertise gained by front office experience in a dealing room, in trading or sales. Although this experience could be gained in any product area a significant exposure to derivatives and a good academic background are required.

Although training experience is not a requirement candidates must have the personal enthusiasm and credibility to communicate technical expertise in an authoritative and professional manner. These positions are likely to appeal to self motivated candidates wishing to embark on a positive career change and capitalise on their previous finance experience.

An attractive compensation and benefits package is offered. Please reply by 20 October 1995 with CV and stating the position being applied for, to: Bernadette Swithenbank, DC Gardner Training, Nestor House, Playhouse Yard, London EC4V 5EX

GERMAN COMPANY

Looking for FTSE-trader,
call 0049 282296770

We, a newly established
Trade Finance Company,
need for our London office, an experienced (min 10 y) and entrepreneurial person, male or female, to facilitate trade finance for commodities and to handle and negotiate all documentation from our worldwide operation.
In addition, you have experience in forfaiting of industrial and infrastructure projects in Asia and South America.

Send CV to CII Asia, fax (65) 535 2811

APPOINTMENTS WANTED

EASTERN EUROPEAN SUBSIDIARIES, JOINT VENTURES OR FEASIBILITY STUDIES

Russian speaking Dane, 33, MBA, B.Sc. Engr., undertakes short or longer-term Eastern European assignments. Has extensive project experience in Russia and Czechoslovakia, *including setting up from scratch* ISO 9002 *certified* 100% export oriented mechanical factory in Russia while establishing sales to leading Western European machine builders.

Please fax
Michael Esper Andersen at +45 31 51 96 36

ACCOUNTANCY APPOINTMENTS

Financial Controller

Morocco **c £65,000 package**

Our client is an international food distributor with a multi-million pound turnover which has recently entered into a Joint Venture partnership in Morocco, as part of its plans to develop this market.

They now seek a Financial Controller, whose task will be to ensure that the financial integrity and security of the Joint Venture are established and maintained. Reporting through directly to the Joint Venture partners, the person will be expected to develop robust financial controls and reporting procedures, maintain local books of account, establish local budgets and forecasts, produce monthly and ad-hoc reports such as sales analyses and cash flow projections, as well as assisting with personnel and administration matters.

The successful candidate will need to be a fluent French speaker with demonstrable accounting skills gained through hands-on experience. He or she will demonstrate high levels of tact, diplomacy and influencing skills, with the ability to form productive working relationships with the local partner. There is an undoubted need to be resilient, adaptable and professional enough to deal with occasionally conflicting demands.

Interested candidates should forward a comprehensive CV, including a day-time telephone number and quoting ref. 253119, in strictest confidence, to Hugh Everard, Director at Michael Page International, Page House, 39-41 Parker Street, London WC2B 5LH or by fax to + 44 (0) 171 404 6370.

Michael Page International
International Recruitment Consultants
London Paris Amsterdam Dusseldorf Frankfurt Hong Kong Sydney

Corporate Controller

Brussels **£ Competitive**

Our client is a UK quoted international cosmetics business. The company operates in 40 countries world-wide through more than 20 subsidiaries. It has experienced annual profit growth of 15% over each of the last five years and continues to be highly successful.

As a result of internal promotion, they seek to recruit a Corporate Controller with the following responsibilities:

- Management of a finance team.
- Quarterly analysis of worldwide business performance.
- Presentation and analysis of group accounts.
- Budgeting and forecasting.
- Group Treasury responsibilities.
- Travel of 10-20% to the Group's worldwide sales and marketing subsidiaries.

The successful candidate will be 27-33 years old, qualified ACA or ACCA with a track record of success and a commercial orientation. Equally important is the ability to manage and communicate in a multi-cultural European environment. It is not necessary for candidates to possess a fluency in an additional European language, since all business is conducted in English.

If this commercial opportunity, based in Brussels, is of interest please send a full CV to Peter Gerrard at Michael Page, 39-41 Parker Street, London WC2B 5LH or fax CVs to 0171 242 1020 (Reference 247480).

Michael Page International
International Recruitment Consultants
London Paris Amsterdam Dusseldorf Frankfurt Hong Kong Sydney

Operational Audit

Nr Amsterdam **c £45,000 + Benefits**

Fast growing Dutch international company seeks a high calibre professional (UK: ACA, NL: RA) preferably with 'Big-6' experience and 2-5 years pqe.

The company has interests in Europe, the Americas and the Far East with anticipated revenues in 1996 of approximately £3 billion.

The successful candidate will report to the Director of Audit. You will be expected to travel up to 80%, probably half of which will be in Europe, concentrating on operational and financial reviews and special projects including acquisition reviews across a range of businesses.

Working knowledge of German is desirable. Interpersonal skills and the ability to operate with limited supervision in the conduct of assignments and reporting are key. You should expect to undertake this role for a period of 2-3 years.

Opportunities for career progression within the group are excellent.

Candidates should send their curriculum vitae to Caroline Stockdale ACA, Michael Page, Byzantium, Stadhouderskade 14 b, 1054 ES Amsterdam (fax 00 31 20 612 3331) or telephone her on 00 31 20 612 9101.

Michael Page International
International Recruitment Consultants
London Paris Amsterdam Dusseldorf Frankfurt Hong Kong Sydney

HODDER HEADLINE PLC

GROUP MANAGEMENT ACCOUNTANT

C. £45,000 package **based near Abingdon in Oxfordshire**

Hodder Headline is a profitable publisher with an annual turnover of over £80 million. It is developing rapidly through organic growth and acquisition. The Group publishes a wide range of books in the fiction, non-fiction, religious, children's, educational and academic markets with operations in the UK, Australia, New Zealand and South Africa.

This demanding role will require a qualified graduate accountant with a strong background in management accounting providing direct service to senior line management. Reporting to the Group Financial Controller, the successful candidate will head a team of management accountants with reporting responsibilities for the Group's 10 UK operating divisions. The immediate challenge is to upgrade and direct the implementation of a wide programme of change in order to support the Group's ambitious growth plans.

We are seeking an individual who is proactive, highly IT literate and possesses well developed communication and analytical skills. The successful candidate will be in his/her mid-thirties ideally with experience in book publishing.

Please write with full CV to:

Ms Elke Behrens, Personnel Manager, Hodder Headline PLC, 338 Euston Road, London NW1 3BH

Price Waterhouse
EXECUTIVE SEARCH & SELECTION

Financial Planning and Analysis

Major Retailer

Our global brand is pre-eminent throughout the world. The organisation is going through a period of significant change resulting in excellent opportunities and challenges for outstanding experienced individuals who we expect to make a significant impact on the development of the business.

We believe financial planning and analysis is fundamental to the understanding and exploitation of the competitive drivers of our business. Operating at the centre, responsibilities and influence will impinge across all areas of the retail supply chain from product pricing and supplier relationships through to store strategy.

Director c.£70,000

Working very closely with the Group Finance Director and Chief Executive, you will contribute to both stores and product strategy at the highest level. You will work closely with operational managers on planning issues and, through commercial analysis, identify opportunities for development and examine areas of under-performance.

You will be a qualified accountant or MBA and will already be operating at a senior level in a commercial, customer led environment requiring significant management skills. You will have experience in retailing and/or merchandising, and ideally will also be IT literate with a track record of developing IT solutions in a decision support environment.

Ref: A/1588

Managers (2) c.£45,000

These positions will concentrate on specific activities within the business providing hands-on decision support to merchandisers and operational managers on all aspects of the key business drivers within the retail product, wholesale and licensing areas of the business.

You will be either a qualified accountant or have an MBA with 5-8 years experience in a commercial environment. You will be highly numerate, IT literate and possess first class interpersonal and commercial skills. Specific experience within retail or merchandising is necessary for one of these roles.

Ref: L/1589

For all three positions, the personal characteristics sought are as critical as the right experience. You will be self confident, 'quick on your feet', and assertive. Working at the heart of a dynamic and ever changing public company, these roles will both challenge and reward those with the qualities that we seek.

Please write to our advising consultant Alannah Hunt, quoting the appropriate reference, with full CV and reasons why you feel you meet these requirements.

Executive Search & Selection, Price Waterhouse, No 1 London Bridge, London SE1 9QL.
Fax: 0171 403 5265. Internet: Alannah_Hunt@Europe.notes.pw.com

NATIONAL EXPRESS

Group Treasurer

Challenging role for an outstanding professional to manage this rapidly growing Group's treasury operations

Winchester ***c. £55k + bonus + benefits***

- *Since its flotation in 1992, National Express Group PLC has achieved significant and profitable growth both organically and through acquisition. The Group is primarily engaged in the public transport market through express coach, bus and airports businesses in the UK and Continental Europe. Market capitalisation is currently over £400 million.*
- *This growth, together with future strategic plans, has resulted in the creation of the role of Group Treasurer who will report to the Group Finance Director. This is an exciting opportunity for an experienced individual to join a rapidly expanding group and establish and manage all treasury issues in a cash-rich environment.*
- *Key responsibilities will be to maximise the return on cash, develop and maintain effective bank relationships, and arrange the financing of capital expenditure. Additional requirements will be to create appropriate systems and procedures to monitor and control risk.*
- *Candidates should be ACT qualified and ideally qualified accountants who have gained considerable relevant experience within a corporate rather than an institutional environment. In addition, some knowledge of European foreign exchange management is sought.*
- *The individual will need to be comfortable in operating at a senior level within a small, informal and highly dedicated head office team and have the drive and commitment required to assist with the continuing success of the business.*
- ***Please outline your suitability for the appointment and send your curriculum vitae, including current remuneration, to Carrie Andrews at Ernst & Young Management Resourcing, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH, quoting reference CA674.***

ERNST & YOUNG

BRITISH AEROSPACE

Outstanding Finance Opportunities

Nationwide appointments **Excellent package**

As a reader of this newspaper, you will be aware of British Aerospace's outstanding performance over the last two years. The recent interim results show profits up 113%, cashflow firmly under control and improved productivity and cost reduction across the Company.

Internal Audit plays a significant role in the drive for continuous improvement and these opportunities, which are dispersed throughout the operating divisions of the Group, will provide an excellent springboard for talented people to take up senior financial management appointments at an early age.

For all positions, we are seeking dynamic, qualified accountants who not only have an excellent knowledge of current auditing techniques but also a good insight into modern business and management methods. These are demanding and intellectually stimulating roles which call for well developed interpersonal and communication skills and a high degree of self motivation.

Competitive salaries, together with a comprehensive range of benefits, emphasise the commitment of the organisation to its team members.

Please send a detailed cv, which clearly indicates recent achievements relevant to the position applied for, to our retained Consultant, Richard Harris, NEXUS Resources Limited, PO Box 77, Bristol BS99 7AR. Fax No: (01275) 817888.

Audit Managers

A qualified accountant, you are likely to be a graduate with three to four years' post-qualification auditing experience, having worked in either industry or accountancy practice.

As a key leader in the team, you will need:

- the ability to handle issues objectively
- an innovative approach to problem solving
- the credibility and persuasiveness to promote change

Computer Audit Managers

With similar qualifications and experience to the above you should be able to demonstrate extensive expertise in the review of complex computer systems based on a range of hardware platforms. It is essential that you are able to respond to the challenges presented by the dynamic IS environment in the Company.

Internal Auditors

Several opportunities are available for newly qualified accountants who have had good auditing experience and are looking for a challenging and rewarding change to their career.

BRITISH AEROSPACE

مكتبة من الأصل

Group Finance Director

Major Plc

Package in excess of £100,000 **North**

Exceptional opportunity and challenge within blue chip environment.

THE COMPANY
- Established group, turnover £500m plus. Provider of broad ranging industrial services to wide customer base.
- Healthy balance sheet. Well regarded by the City. Stroog management team. International expansioo through joint ventures.

THE POSITION
- Key member of seoior executive team. Total responsibility for group financial affairs. Report to Chief Executive.
- Develop annual budgets and strategic plans. Review performance of individual businesses. Protect growth and profitability of group.
- Maintain and enhance excellent relationships with the City.

QUALIFICATIONS
- Qualified chartered accouotant. Successful track record as finance director of substantial business. Likely age: 35 plus.
- High level exposure to treasury matters, mergers and acquisitioos, banking relationships. International experience.
- Outstanding performer with cutting edge. High level of energy. Excellent interpersonal skills.

Please send full cv, stating salary, ref LP3969, to NBS, Prospect House, 32 Sovereign Street, Leeds LS1 4BJ

N B SELECTION LTD
a BNB Resources plc company

NBS

Leeds 0113 245 3830 • London 0171 493 6392
Aberdeen • Birmingham • Bristol • City
Edinburgh • Glasgow • Leeds • London
Manchester • Slough • Madrid • Paris

Six Figure Base + bonus + benefits — *Retail Financial Services* — *City*

Finance Director

Key appointment in a highly successful retail financial services group which is part of a global blue-chip merchant bank. Challenging brief to manage a substantial finance function as a core member of the senior management team contributing to strategy and positioning the business for the challenges and opportunities facing this dynamic company.

THE ROLE
- Reporting to the Chief Executive, responsible for leading and developing an established finance department of 100 staff, including accounts, actuarial, internal audit, tax, planning and budgeting.
- Contributing to business planning, strategy, acquisitions and other business development issues.
- A key member of the senior executive team playing a pivotal role in establishing the future direction of the group.

THE QUALIFICATIONS
- Qualified accountant with proven financial management experience gained in a financial services group or an exceptional track record in a respected corporate.
- Analytical, highly numerate and imaginative. A strategist with the vision to play a key role in directing the growth of the business.
- Natural team player and adept staff manager who enjoys working in a dynamic, performance-driven company where there is scope for direct action and initiative.

Leeds 0113 2307774
London 0171 493 1238
Manchester 0161 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to:
Selector Europe, Ref. XLP8041081,
16 Connaught Place,
London W2 2ED

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scala®

REGIONAL FINANCIAL CONTROLLER–BUDAPEST
Competitive Expatriate Package

The Company

Scala is a leading FMA software, with more than 12,000 installations worldwide. Scala ECE is the regional head office for Scala operations in Eastern and Central Europe, the CIS and Turkey. Since its formation four years ago, the company has expanded rapidly and has recently completed a private placement with UK institutional investors.

The Position

Due to the rapid growth of the company, the need has arisen for a Regional Financial Controller. Reporting to the Finance Director, the successful candidate will have full responsibility for financial and management reporting. Additional responsibilities include:
- Cash management for the group
- Further development of the company's reporting procedures
- Ad hoc project work

In addition, the position requires travel throughout the region.

The Candidate

Those applying for the position should have the following qualifications:
- Qualified accountant (British ACA or equivalent) with two-three years post-qualification experience and successful track record
- International consolidation experience, including IAS/GAAP knowledge
- IT literate with the drive and ambition to take on a diverse and demanding workload
- Strong interpersonal and communication skills
- Age: 27–30
- Additional language skills, while an advantage, are not a prerequisite.

Please respond in confidence by fax to:
Michael Longman, Finance Director
Scala ECE, Október 6 u. 7/321
H-1051 Budapest
Fax: +36 1 266-5701

Financial Planning & Analysis Controller

International Jewellery Company

London

£50–£55,000 pa
Car + Benefits

The phenomenal growth of CABOUCHON, the international direct sales company, a market leader in high quality innovative costume jewellery and accessories, has to be one of the marketing successes of the 1990's! Founded in late 1990, sales for 1994 were £84 million (retail value) and are projected to grow significantly in 1995, through major expansion plans into the entire European arena.

A key member of the Management team and leading a small professional department you will, in line with the group's rapid growth plans:
- Design, implement and continually develop the forecasting, budgeting and planning processes.
- Build an internal management information and financial analysis system.
- Provide commercial advice to both operational and strategic discussions.
- Formulate, and gain acceptance to plans, to improve business performance.

A qualified Accountant with a broad financial management background, as well as strong financial planning and analysis experience, your commercial acumen must be one of your greatest assets. Your personal credibility will be a reflection of your sharp business mind and your strong relationship building and influencing skills.

You will have worked in a fast moving, preferably internatiooal, environment and you will have the high levels of stamina and the enthusiasm required for this challenge.

Interested candidates should respond with full CV quoting current rewards package to Karen Wilson or Jeanne Bramley, Hoggett Bowers, 7-9 Bream's Buildings, Chancery Lane, London EC4A 1DY, 0171 430 9000, Fax: 0171 405 5995, quoting Ref: HJB/12043/FT.

Hoggett Bowers
EXECUTIVE SEARCH AND SELECTION

Asset & Liability Management

Frankfurt £40,000-£50,000 + bonus + benefits

▪ This organisation is a major player in the world's financial markets. Increased trading volumes and the continuing development of the firm's activities in Germany have led to the creation of a new position supporting the treasury function.

▪ An excellent entry point into the firm, the role has responsibility for the provision of accurate management information and entails extensive local and international senior level contact with London and New York. Responsibilities also involve extensive liaison with the front and back offices and assisting with the daily settlement processes in Frankfurt.

▪ The position offers a rare opportunity to develop asset & liability management skills within a fast paced securities house environment. You are of graduate calibre and may well be a recently qualified accountant or corporate treasurer. You are certainly ambitious, fluent in German and English and have a real commitment to developing a career within treasury.

▪ To be considered, please send your curriculum vitae, including current remuneration, to Susan Milford at Ernst & Young Management Resourcing, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH, or by facsimile on +44 (0) 171 931 1022, quoting ref: SM668.

ERNST & YOUNG

Finance Director

Paris

FF 500,000
Car, Substantial Bonus

Our client is the French operation within a significant division of a major UK Plc which operates in over 100 countries worldwide.

This role reports to the Managing Director and will be instrumental in maximising the poteotial of the business. Responsible for a professional team you will:
- Review and develop all systems and controls to the highest standards.
- Ensure timely and accurate information is provided to the London Head Office.
- Provide commercial analysis and interface with both the marketing function and customers.
- Support the Managing Director in driving the business forward.

As a qualified Accountant, you will have well-developed leadership skills and a strong affinity with computerised systems. You will have used your broad financial management experience to contribute, in commercial as well as financial terms, to the bottom-line. You must have also successfully and positively influenced your non-finance peer group.

It is essential that you have worked in France, almost certainly for a large international group, and must be able to operate with equal ease in both French and English. Experience of an environment with a significant element of distribution and/or marketing would be ideal.

Interested candidates should respond with full CV quoting current rewards package to Karen Wilson, Hoggett Bowers, 7-9 Bream's Buildings, Chancery Lane, London EC4A 1DY, 0171 430 9000, Fax: 0171 405 5995, quoting Ref HKW/12005/FT.

Hoggett Bowers
EXECUTIVE SEARCH AND SELECTION

Challenging global role for experienced accountant or credit manager

MANAGER, CORPORATE CREDIT CONTROL & CASH MANAGEMENT

c£40,000 + Car + Bonus & Benefits

WEST END

Our client, a highly successful international market leader in the provision of specialist services to global markets with an extensive network of operations in over seventy countries, wishes to recruit a professionally qualified and experienced accountant or credit manager to a newly created appointment with worldwide responsibilities.

As a senior member of the Corporate Controller's department your prime objective will be to improve cash flows for the Group worldwide. Initially focusing on the receivables process, you will work closely with Financial Controllers, General Managers and local Credit Managers to complete an in-depth review of the entire receivables function from client contact to cash collection.

You will be responsible for developing measurements and targets, systems and procedures to drive the process of continual performance improvement in this critical area, taking a proactive and hands-on role in working with local staff to install new processes and monitor their effectiveness.

The scope of this high profile appointment will then extend to all other areas of cash management and provide a unique opportunity to make a major impact on the bottom line performance of the business.

The strategy for the successful development and growth of the Group, shared with its Fortune 500 parent, is that of continual change. This appointment, a significant component in this strategy, demands an individual capable of identifying key issues and delivering practical and innovative solutions through effective systems and controls, communicated to management at all levels. You will bring to the role extensive experience of managing billings and receivables processes ideally gained in an aggressive performance-driven international environment. It is anticipated that success in this appointment will lead to significant career opportunities in the medium term.

Interested applicants should send/fax their full CV clearly indicating how they meet the requirements of the role, to their recruitment adviser, **Dawn White, at FSS Financial, Charlotte House, 14 Windmill Street, London W1P 2DY, (Fax: 0171-209 0001)** or call her on **0171-209 1000** for further information.

FSS FINANCIAL

FINANCIAL CONTROLLER

North East

c£40,000
+ Bonus + Car

Our client is an autonomous subsidiary of a leading PLC and market leader in the manufacture of speciality chemicals with a turnover in excess of £70 million.

Reporting to the Managing Director you will play a key role in the senior management team. In addition to full responsibility for the finance function, you will have the opportunity to provide input on commercial and strategic issues affecting the business.

A graduate and professionally qualified, aged 35-40, you will be a team player possessing well developed inter-personal skills together with a proven ability to instigate change. Critically, your working style will help to influence and inform non financial managers and enhance the perception of the function as providing a key internal service to the business.

Previous experience in process/manufacturing industry, and of mergers and acquisitions would be highly advantageous.

Package is as indicated, but more importantly this represents an exciting opportunity to make a genuine contribution to a forward looking business with outstanding prospects.

Please write, in confidence, with full career and salary details, to Mike Hunter, MSL International Limited, Ebor Court, Westgate, Leeds LS1 4ND.

MSL INTERNATIONAL
EXECUTIVE RECRUITMENT CONSULTANTS

LONDON 0171 487 5000 · BELFAST 01232 421842 · BIRMINGHAM 0121 454 8864 · GLASGOW 0141 248 7700 · LEEDS 0113 245 4757 · MANCHESTER 0161 835 1772

US/UK Expatriate Tax Manager Required

CPA/CA preferable, 6-10 years "Big 6" firm experience. Salary negotiable. Central London.
Please fax CV to: 0171 336 6550

APPOINTMENTS ADVERTISING

Appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.
For information on advertising in this section please call: Andrew Skarzynski on +44 0171 873 4054 Toby Finden-Crofts on +44 0171 873 3456

Financial Director

London c. £75,000

This is a unique opportunity to participate in the development and operation of a newly established gold mining company with a project in Central Asia and which will be seeking a full listing on the London Stock Exchange.

Management will be exercised by a small but dedicated team based in London. Annual turnover is expected to reach £30 million following the construction and commissioning of the mine and process plant when full production rates are achieved.

The Financial Director will be required to establish all accounting, control and monitoring activities and will ensure suitable information systems are implemented throughout the company to ensure accurate and timely reports are prepared for the Board on a regular basis.

The Company is seeking a vigorous and ambitious chartered accountant aged 35-45 who has graduated into industry or commerce, having completed professional training, has good interpersonal skills and is seeking a new and exciting challenge.

The position offers the opportunity to work closely with the Board whilst maintaining a hands on involvement with the operations. Duties will initially involve considerable foreign travel to ensure the controls and monitoring are implemented effectively and suitable expatriate and local accountants are recruited, trained and positioned.

Previous public company experience will be advantageous.

An attractive remuneration package will be available to the selected candidate.

Write, in confidence quoting reference number FT/946/DK to David Knowles, PRS Limited, Culpitt House, 74-78 Town Centre, Hatfield, Herts, AL10 0JW. Fax: 01707 256881

PRS

International Recruitment Consultants Hatfield & Hong Kong

Develop Your Career in Investment Banking

Our client is a long established and highly respected investment banking group with extensive international operations. Core businesses include corporate finance, capital markets, securities broking and trading, asset management and corporate banking. Sustained growth and promotions to roles elsewhere in the Group have created new opportunities within the operational audit team. Enjoying a high profile within the Group and reporting to the Chief Executive, operational audit is a business focused function responsible for ensuring that management controls are effective in meeting business needs. We are seeking to recruit energetic, high calibre individuals for the following roles.

Audit Executive

from £30,000 plus banking benefits

This represents a superb point of entry into, or first move within, the investment banking sector. Probably a qualified accountant aged 25-30, you will gain exposure to a wide range of business areas and to their risk implications. Enjoying extensive management contact, you will learn how the integrity of the control infrastructure is assured and how the different aspects of risk are controlled.

Securities Audit Manager

to £55,000 plus banking benefits

This senior role spearheads the promotion of audit and related services to the international securities businesses. Liaising with management at the highest levels you will assure the efficient operation of appropriate risk control structures. Possessing post-qualifying experience in a securities environment, you will have a detailed knowledge of equity derivatives and, ideally, exposure to monitoring and controlling trading risk.

Candidates are likely to be graduate accountants who can demonstrate technical rigour, commercial acumen and strong interpersonal skills. You will be able to analyse complex issues, identify solutions and communicate your findings effectively both orally and in writing. Gaining an international perspective on the business (based in London; travel content c.15%), you will enjoy excellent career prospects within a prestigious global investment bank.

Please write to Janet Bullock at BBM Selection, quoting reference 361, and enclose a full Curriculum Vitae that includes contact telephone numbers. All applications will be treated in the strictest confidence.

76, Watling Street, London EC4M 9BJ

BBM SELECTION

Tel: 0171-248 3653 Fax: 0171-248 2814

Finance Director

Croydon competitive package and relocation

If you're an energetic and experienced finance management professional, this is a challenging opportunity to maximise the potential of a flourishing business that you'll relish.

The company is a professional multi-disciplinary consultancy, a listed plc subsidiary with a turnover of £20 million. A globally expanding business with a UK base, it is backed by a forward thinking management team. Take control of the finance team and you will drive and develop this key area of the business, taking full responsibility for financial management and control. You'll enjoy every opportunity to help plan and deliver significant global growth.

To be considered, you must be an ambitious and focused individual with the presence, influence and determination to make an impact. Professionally qualified and exceptionally commercially astute, you'll need the excellent interpersonal and communication skills to influence the rest of the management team.

To apply, please write, enclosing full CV and salary details, quoting reference M822 to: Barkers Human Resources, Berwick House, 35 Livery Street, Birmingham B3 2PB.

Your CV will be forwarded to this client only. Please indicate any company to which your details should not be sent.

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BARKERS
RESPONSE & ASSESSMENT

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EMPLOYEE COMMUNICATIONS

EXECUTIVE CONNECTIONS

Baring Securities

BUSINESS ANALYST

The combination of Barings' investment banking activities with those of ING Group has created substantial new opportunities for the group in the fields of international finance and capital markets. It is against this background that they now wish to recruit a Business Analyst into their middle office function.

Located on the trading floor the function exists to proactively manage and enhance the relationship between the front office and operational areas. The position offers a variety of responsibilities including:

- Closely working with sales management to develop and formulate marketing initiatives and strategy.
- Development of business plans in conjunction with product heads.
- Working with key operational areas in enhancing the dealing room controls and procedures.
- Working with risk management to understand and communicate market/trading floor issues.
- Analysis of product margins and client profitability.
- Competitor analysis and reviewing key performance indicators.

To meet these exceptional challenges requires an equally exceptional individual. You are likely to be aged 27-33, to be a qualified Accountant/MBA and to have gained experience in product development, analysis or marketing. You must be a highly assertive and confident self starter with the ability to liaise effectively with senior management. Whilst you are likely to possess securities industry experience it is conceivable that you could currently be working for a commercial company. Future prospects are excellent and include opportunities to work both in London and internationally.

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Interested applicants should write in the strictest confidence to our retained consultants Christopher Mills or Brian Hamill at Walker Hamill Executive Selection, forwarding a brief resumé quoting ref CM2085. All direct applications will be forwarded to Walker Hamill.

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COMMODITIES AND AGRICULTURE

'Russia seeks inducement to stay in diamond cartel'

By Kenneth Gooding, Mining Correspondent

Russia is asking for substantial investment in its mining industry as part of a deal to renew its contract with the diamond cartel organised by De Beers of South Africa, according to Diamantaire, a newsletter published by the CRU International consultancy group.

Projects being considered would cost between US$500m and $1bn, it says, and would be carried out by Anglo American Corporation, South Africa's biggest group and, like De Beers, effectively controlled by the Oppenheimer family.

However, Almazy Rossii-Sakha, the diamond mining organisation in Yakutia, the biggest Russian producer, insists it does not need or want Anglo's help. "So any investment would probably have to be in gold mining rather than diamonds," says Mr Mark Cockle, editor of Diamantaire.

The present five-year contract between the Russians and De Beers' Central Selling Organisation, which controls about 80 per cent of world trade in rough (uncut) diamonds, expires at the end of this year.

Negotiations have been difficult and the rest of the industry has become increasingly nervous because co-operation between two of the world's biggest producers is no longer working properly. De Beers has complained bitterly about Russia by-passing the CSO and selling some rough diamonds in breach of their present contract.

The newsletter says that Mr Yevgeny Bychkov, chairman of Komdragmet (the state committee for gemstones and precious metals) discussed a programme of investment in "diamond mining and gold" with Mr Peter Gush, deputy chairman of Anglo and a director of De Beers. "If De Beers is to accept the Russian linkage between renewal of the diamond sales contract and a major mining investment, it will want to be in a position to regulate the supply of new Russian diamonds coming on to the market. The South African group is more likely to prefer a diamond mine rather that a gold mine. It is also likely to demand the Russians halt the practice of leaking rough diamonds on to the world markets outside of De Beers' marketing channel."

Diamantaire suggests that all Mr Bychkov has offered so far is renewal of the present contract for another two years on the existing terms. Mr Cockle says: "A two year contract would not solve any of the fundamental problems."

However, Mr Bobby Craig, analyst at Smith New Court, a stockbroker within the Merrill Lynch group, suggests in a note to clients that the two years would be used to restructure the CSO so that it would more fully represent the major rough diamond producers.

Mr Craig also reports that the CSO is keeping the market short of high quality, larger rough diamonds and suggests two possible reasons: that the CSO wants to encourage a surplus of the type of diamonds coming out of Russia and thereby suppress prices or that a tight market in the high quality goods will facilitate a price increase, likely on confirmation that a deal has been struck with Russia.

Diamantaire's Mr Cockle suggests a deal will be concluded before the end of the year. "Some sort of paper will be signed for the sake of stability in the market. But the value of that document might be open to question."

A CSO official commented: "We are not saying anything [about the negotiations with the Russians] at present."

Diamantaire: £160 or US$285 a year from CRU Publishing, 31 Mount Pleasant, London WC1X 0AD, England.

Malaysia confirms scrapping of tin quotas

The Association of Tin Producing Countries has decided to scrap tin export quotas in June 1996, Mr Muhamad Nor Muhamad, the Malaysian Chamber of Mines' executive secretary, said here yesterday, reports Reuters from Singapore.

"As far as the quotas are concerned, they will end at the end of June 1996," he said. The decision was taken at the producer group's ministerial meeting in Santa Cruz, Bolivia, in September, which Mr Muhamad attended.

He said the ATPC decision to continue the quotas for another six months from January was to allow "an orderly transition to a free market".

"The quotas will end in June. After that the issue will only come up again at the next conference of tin ministers, which will be in October. Then they will decide how to stabilise the market if necessary," Mr Muhamad said.

● There was little reaction on the London Metal Exchange, where the three months delivery price for tin closed at $6,305 a tonne, down $10.

"This was well signposted, so it has done little to the price," a trader explained.

Zimbabwe tobacco growers beat output and earnings forecasts

By Tony Hawkins in Harare

Zimbabwe's flue-cured tobacco auctions close this week following a much better than expected selling season.

When the sales opened in April industry experts predicted a crop of around 190m kg, which they hoped would sell at an average price of US$1.95 to $2 a kilogram. In the event, the sales are closing with a crop of 198m kgs old at an average price of $2.12½ a kilogram. This gives growers a gross income of $421m - up 44 per cent on last year and the second-highest figure to date, after 1991's $572m.

The average price is up 23 per cent on last year's $1.73 a kilogram but is still well below the peak of $3.25 reached during the 1991 boom.

Industry sources say they are surprised that the price held up as well as it did towards the end of the season, when lower quality leaf was expected to drag down the seasonal average. That this did not happen partly reflected some aggressive buying by one of the black-owned tobacco merchant companies.

Tobacco's unexpectedly strong performance will boost exports this year and next and cushion the impact of the 1995 drought on both farm and export earnings.

The Zimbabwe Tobacco Association, which represents growers has recommended a 10 per cent increase in output in the season just starting, pushing production to around 215m kg. Some in the trade worry that the world tobacco industry will repeat the 1992-95 cycle of overproduction, lower prices and production cutbacks, but with Zimbabwean agriculture - other than tobacco and horticulture - ravaged by drought in 1992 and again this year, those who can grow tobacco will do so.

Dam levels are very low after last season's drought, so the irrigated tobacco crop will be smaller than usual, while if the rains are good - as some long-range forecasts suggest - yields will be lower, as is in the norm in a wet season. This could mean a slightly smaller crop than envisaged, but the quality should be higher.

Zimbabwe Tobacco

Year	Output mln kg	Value US$m	Exports US$m	Average Price US cents/kg
1995	198	421	475*	212
1994	169	292	400	173
1993	218	270	366	124
1992	201	320	450	160
1991	171	572	532	335
1990	134	354	395	265

* forecast. Source: Central Statistical Office, Harare

Report sees big changes in energy market

By David Lascelles, Resources Editor

Energy consumers will demand - and get - more efficient, cleaner and less obtrusive energy services in the future. But it is less clear what kind of companies will supply those services, and how.

This is the leading conclusion of a keynote report on global long term energy prospects presented to the World Energy Council which meets in Tokyo next week.

The WEC report, which pulls together information from the energy industries of more than 100 countries, says that the world will depend very heavily on fossil fuels (oil, gas and coal) until the year 2020, a period that will continue to be shaped by present energy structures.

After thet, however, the possibilities start to diverge.

In one set of scenarios increasing environmental concerns lead to a reduction in fossil fuels, aided by technological developments. In others there is less international co-operation on the environment, creating fewer pressures for change.

The report says that world energy requirements will grow between one and a half and three times by 2050, and by two to five times by 2100. But energy intensity - the amount of energy needed per unit of GDP - will fall, thanks to greater efficiency and the spread of energy saving technology.

The WEC forecast does not foresee any major energy shortages. Rather the opposite. It expects that estimates of the world's available energy resource base will continue to increase. All scenarios "indicate that economic development over the next century will not be constrained by geological resource scarcities", it says.

Instead, it expects that environmental concerns and financing and technology needs could be bigger constraining factors, prompting international politics to intrude from time to time.

The successful energy companies, the report suggests, will be those that switch from producing energy by volume to providing more sophisticated services to energy users. Which energy suppliers, it asks "will have refocused their businesses from providing just tons of coal or kilowatt hours of electricity, to providing more flexible, convenient and clean energy services to consumers?"

Poland backs UK proposal for CAP reform

By Christopher Bobinski in Warsaw

A UK government report calling for a radical reform of the European Union's common agricultural policy has been praised for its "realism" by Polish government officials during a visit here by Mr Douglas Hogg, the British agriculture minister.

"We support this kind of approach to the problem," Mr Wojciech Pilarczyk, a deputy agriculture minister said yesterday of the report, which advocates an end to price support, output controls and export subsidies in the European Union's farm policies.

Poland has the largest farm sector of the four countries next in line for accession talks with the European Union and the country's farming ministry appears to have recognised that failure to reform the CAP could be a major barrier to the country's future membership.

"The report begins a concrete dialogue about the things that have to change inside the EU so that integration can become a real possibility," Mr Pilarczyk said. Were Poland, the Czech and Slovak Republics and Hungary to join, the cost of the CAP which now runs to around Ecu40bn (£32bn) year, would according to UK estimates, rise by Ecu15bn a year if farm support mechanisms remained unchanged. In addition the recent General Agreement on Tariffs and Trade settlement forbids the growth in farm subsidies in central Europe that would follow accession to the EU by the four former communist states.

Mr Hogg, meanwhile has been urging the Poles to adapt their farm policies to the "EU farm mechanisms of the future rather than to those in place at the moment". He insists, however, that changes in the CAP will have to be made before enlargement because of the "sheer cost of applying the CAP to an enlarged union" although accession by the central Europeans should not wait upon total reforms as outlined in the UK report. At the same time, according to Mr Hogg, "enlargement will of itself provide an irresistible impetus for the implementation of total CAP reforms".

MARKET REPORT

Copper leads late fall on metal exchange

COPPER prices tumbled in late afternoon trading on the London Metal Exchange, dragging the rest of the base metals complex down with it.

But traders said the move came in very thin volumes, exaggerating the impact of the selling. "In these thin conditions copper moved out of all proportion," said one.

The three months delivery price fell from $2,855 to $2,830 a tonne during the after hours "kerb" session and continued to fall after that in the inter-office market.

ALUMINIUM fell with copper, the three months price ending $11.50 down at $1,773 a tonne. Losses were relatively limited by nervousness ahead of the strike deadline at Alcan's Quebec plants. The union said it would call a strike if an agreement was not reached by October 6.

Compiled from Reuters

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1752-53	1785-86
Previous	1751-52	1784-85
High/low	1746	1783/1774
AM Official	1746-47	1778-79
Kerb close		1773-4
Open int.	206,024	
Total daily turnover	46,758	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1505-15	1545-55
Previous	1510-20	1550-60
High/low		1555
AM Official	1510-20	1550-60
Kerb close		1550-70
Open int.	3,081	
Total daily turnover	912	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	599-600	612-13
Previous	596.5-97.5	611-12
High/low	601/600	613/608
AM Official	601-2	611-11.5
Kerb close		609-10
Open int.	32,408	
Total daily turnover	6,916	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	7985-95	8105-15
Previous	8025-35	8155-60
High/low	7980/7955	8120/8055
AM Official	7955-60	8080-90
Kerb close		8095-100
Open int.	44,985	
Total daily turnover	9,432	

■ TIN ($ per tonne)

	Cash	3 mths
Close	6270-80	6300-10
Previous	6285-95	6310-20
High/low		6340/6275
AM Official	6290-95	6320-30
Kerb close		6280-90
Open int.	19,659	
Total daily turnover	4,307	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1000-1	1023-24
Previous	1001-2	1024-25
High/low	1003	1028/1019
AM Official	1002.5-3.5	1027-27.5
Kerb close		1018-19
Open int.	78,668	
Total daily turnover	10,014	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2875.5-76.0	2852-53
Previous	[illegible]	[illegible]
High/low	[illegible]	[illegible]
AM Official	[illegible]	[illegible]
Kerb close		[illegible]
Open int.	187,717	
Total daily turnover	48,040	

■ LME AM Official £/$ rate: 1.5830

LME Closing £/$ rate: 1.5822

Spot: 1.5845 3 mths: 1.5817 6 mths: 1.5786 9 mths: 1.5758

■ HIGH GRADE COPPER (COMEX)

[illegible]

PRECIOUS METALS

■ LONDON BULLION MARKET (Prices supplied by N M Rothschild)

[illegible]

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.) [illegible]

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.) [illegible]

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.) [illegible]

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.) [illegible]

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel) [illegible]

■ CRUDE OIL IPE ($/barrel) [illegible]

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.) [illegible]

■ GAS OIL IPE ($/tonne) [illegible]

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu) [illegible]

■ UNLEADED GASOLINE NYMEX (42,000 US galls.; c/US galls.) [illegible]

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne) [illegible]

■ WHEAT CBT (5,000bu min; cents/60lb bushel) [illegible]

■ MAIZE CBT (5,000 bu min; cents/56lb bushel) [illegible]

■ BARLEY LCE (£ per tonne) [illegible]

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel) [illegible]

■ SOYABEAN OIL CBT (60,000lbs; cents/lb) [illegible]

■ SOYABEAN MEAL CBT (100 tons; $/ton) [illegible]

■ POTATOES LCE (£/tonne) [illegible]

■ FREIGHT (BIFFEX) LCE ($10/index point) [illegible]

	Close	Prev
BFI	1841	1887

Wool

Wool International, the Australian organisation dealing with disposal of the stockpile accumulated under the discontinued floor price scheme, offered wool at auction this week. The preference is for sales by private treaty but in a falling market prices have had to discounted and some Australian growers have argued that the market might be less adversely affected if auctions were used. The lesson this week is that auction disposal has an even more bearish effect than discounted private sales. The disposal scheme specifies a quarterly quota and wool international has been losing ground during the market decline. New Zealand and South African wool prices also declined at this week's sales. The Australian Eastern market indicator was 36 cents down at 628; the NZ indicator was 12 cents down at 518; and the South African indicator down at 1,718 cents.

SOFTS

■ COCOA LCE (£/tonne) [illegible]

■ COCOA CSCE (10 tonnes; $/tonnes) [illegible]

■ COCOA (ICCO) (SDR's/tonne) [illegible]

■ COFFEE LCE ($/tonne) [illegible]

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs) [illegible]

■ COFFEE (ICO) (US cents/pound) [illegible]

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs) [illegible]

■ WHITE SUGAR LCE ($/tonne) [illegible]

■ SUGAR '11' CSCE (112,000lbs; cents/lbs) [illegible]

■ COTTON NYCE (50,000lbs; cents/lbs) [illegible]

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs) [illegible]

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Oct 4	Oct 3	month ago	year ago
N/A	2068.4	N/A	N/A

■ CRB Futures (Base: 1967=100)

Oct 4	Oct 3	month ago	year ago
240.38	240.48	239.12	

■ GSCI Spot (Base: 1970=100)

Oct 4	Oct 3	month ago	year ago
180.59	181.22	183.43	170.74

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Oct	64.250	+0.525	64.425	63.650	11,419	2,953
Dec	66.650	+0.850	66.750	65.700	25,763	2,795
[illegible]						

■ LIVE HOGS CME (40,000lbs; cents/lbs) [illegible]

■ PORK BELLIES CME (40,000lbs; cents/lbs) [illegible]

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME [illegible]

■ COPPER (Grade A) LME [illegible]

■ COFFEE LCE [illegible]

■ COCOA LCE [illegible]

■ BRENT CRUDE IPE [illegible]

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Nov) [illegible]

■ OIL PRODUCTS NWE prompt delivery CIF (tonne) [illegible]

■ OTHER [illegible]

JOTTER PAD

CROSSWORD

No.8,885 Set by VIXEN

ACROSS

1 Fortification built at great speed? (8)
5 Few in the modern business world have this to reckon with (6)
9 A girl has to be pleasant about serving men (8)
10 Refuse pups as being destructive (6)
11 Attractive binding (8)
12 Masonry and wood god of the Romans (6)
14 Officials respecting a certain right in a back-street (10)
18 A worker in the fields – long-legged creature (10)
22 Pollute the river one's on (6)
23 A large number are into quiet music (8)
24 The great height's topping! (6)
25 Go mounted on the leading horse? (6)
26 Following the talk the man's making cuts (6)
27 Sent back sweets but still put weight on (8)

DOWN

1 Note: showed signs of injury made much of in story (6)
2 Youngsters bearing with self-satisfied people (6)
3 The minority or no one at all accepts silver (6)
4 Help with tax for the poor (6-4)
6 Warrants speculators brought to light (5,3)
7 Closer it may be, but the price is higher (8)
8 Have a late meal with reporters and check (8)
13 Cunning men get a man running (10)
15 Cutting up many fruit, sound (8)
16 Creating strain's without point, affecting interest in creative work (8)
17 Set off for school in time (8)
19 Anything but common bait! (6)
20 Measure a bone (6)
21 Fed-up – aim for safeguard (6)

Solution 8,884

SUNDAY	DINNER	
CONVICT	HATCHET	
ADULTERATE	TAME	
STORY	LIBRETTO	
SABOTEUR	LILAC	
SLIP	SPACECRAFT	
AWESOME	MINERVA	
RIDING	MASTER	

INTERNATIONAL CAPITAL MARKETS

Bunds hit by jobs data and supply worries

By Antonia Sharpe and Graham Bowley in London and Lisa Bransten in New York

The Franco-German axis dominated proceedings in the European government bond markets yesterday. Worries about supply and poor jobless data weighed heavily on German bunds while continuing weakness in the French franc and disappointment that the intervention rate was not cut led French government bonds lower.

Normally, worse-than-expected jobless data should lift bond markets because they could reflect a slowing economy. But analysts said yesterday's September numbers disturbed the German market because they reflected the high wage rises won by German workers this year and the strong D-Mark. These factors could fuel German inflation.

Mr Klaus Baader, senior economist at Lehman Brothers, said another concern for the bund market was the enormous supply of D-Mark eurobonds and *Pfandbriefe* (mortgage bonds) recently, mainly in the five-to-seven-year area of the yield curve. In addition, the Bundesbank's issuance calendar for the fourth quarter was likely to be a heavy

GOVERNMENT BONDS

DM35bn to DM40bn. "There is a lot of paper looking for a home," he said.

The relatively high yield spread between Germany and France of about 95 basis points could also have put pressure on bunds as traders switched into French bonds in order to make a short-term gain if the spread narrows.

On Liffe, the December bund future fell 0.18 point to 95.57, but finished off the day's low of 95.37 in turnover of 146,110 contracts.

On the Matif, the December 10-year notional French government bond future fell 0.26 point to 115.14 in volume of 168,587 contracts, off a low of 114.96. The December Pibor eased 0.17 point to 93.42.

■ UK government bonds fell back, taking their lead from the weaker German market and disturbed by the US dollar's fall against the D-mark.

On Liffe, the December long gilt futures contract held firm around the 106¼ level during morning trading but fell sharply later in the session. In late trading, it was down about ½ point at 105¾.

Mr Chris Anthony, analyst at ABN Amro Hoare Govett, said industrial production data due today could bolster the five-year area of the yield curve if it showed continued weak activity.

■ US Treasury prices posted modest gains in early trading yesterday as traders prepared for today's release of figures on September employment levels.

Near midday, the benchmark 30-year Treasury was ⅛ higher at 106 to yield 6.416 per cent. At the short end of the maturity spectrum the two-year note was up ⅛ at 100¼, yielding 5.689 per cent.

Data released yesterday on last week's employment levels were not considered of tremendous importance, but they aided the market by adding credence to the view that the economy was growing at a moderate rate.

Initial claims for unemployment benefits rose by 6,000 to 341,000, but the four-week moving average was still 250 lower than a week ago. Economists from Donaldson, Lufkin & Jenrette said: "Initial unemployment claims have established a range between 330,000 and 350,000 claimants, which indicates steady improvement in the labour market."

Most traders were optimistic that today's employment figures would add to the view of slow but steady economic growth. The median consensus from economists was for an increase of 150,000 in non-farm payrolls and for the unemployment rate to have held steady at 5.6 per cent.

The dollar did little to support bonds yesterday, as it weakened against the Japanese yen and the D-Mark. In early trading, the US currency was changing hands for Y100.00 and DM1.4225 compared with Y100.95 and DM1.4354 late on Wednesday.

$300m Ciba issue dominates trading

By Conner Middelmann

While D-Marks again accounted for the bulk of eurobond issuance yesterday, a US dollar issue for Ciba was deemed by many the most successful deal of the day.

The firm's US subsidiary issued $300m of 6.625 per cent 10-year subordinated bonds guaranteed on a senior basis by Ciba, the Aa3/AA-rated Swiss pharmaceutical company, priced to yield 48 basis

INTERNATIONAL BONDS

points over Treasuries. According to lead manager J.P. Morgan, the issue was well oversubscribed and sold out within 1¼ hours of launch. The yield spread tightened to about 46 basis points during the day, although the gap returned to the launch level by the close.

Dealers said the issue benefited in part from the fact that US Treasury yields had fallen so low that many investors were looking for spread products to boost their returns. "That, and the strong performances of Ciba's and TMCC's issues this week, may convince other corporate issuers to tap the eurodollar sector soon," said one dealer.

In the D-Mark sector, the United Mexican States brought its long-awaited five-year issue, priced to yield 407 basis points over bunds. At DM1bn, it was larger than the DM750m mooted during the pre-marketing phase. However, joint leads CS First Boston and Dresdner Bank said they had pre-placed a significant amount of the issue before launch, getting the deal off to a smooth start.

Some 60 per cent of the purchases came from European banks buying for their own funds or retail networks, another 25 per cent was placed among investment funds, and the remainder went to retail accounts, Dresdner Bank said.

Crédit Local de France brought DM1bn of 5.5 per cent five-year bonds aimed exclusively at Japanese retail investors keen on lifting their returns above the meagre yields available in their domestic market.

Elsewhere, GECC brought a retail-targeted DM300m issue of three-year bonds via Salomon Brothers, while Allgemeine Hypothekenbank Frankfurt issued another DM1bn jumbo *Pfandbrief*, or mortgage bond, with UBS acting as one of the joint leads to increase the issue's international appeal.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Ciba-Geigy Corp.	300	6.625	99.564R	Oct.2005	0.375R	+48(6½%-05)	JP Morgan Securities
Banco America do Sul	60	10.75#	100.00	Oct.1997	1.00	+500(5¾%-97)	Yamaichi Intl.(Europe)
Hydro-Quebec*‡	50	(a)	undisd.	Oct.1997	0.10	-	Barclays de Zoete Wedd
D-MARKS							
Allgemeine Hypothekenbank(b,s)	1bn	6.00	100.115	Jan.2002	1.375	-	Dresdner/ SBG/ Trinkaus
Crédit Local de France	1bn	5.50	98.9035R	Oct.2000	0.25R	-	Nomura Bank(Deutschland)
United Mexican States	1bn	9.375	99.65R	Nov.2000	1.00R	+407(5⅞%-00)	Dresdner Bank
GECC	300	4.75	99.808R	Nov.1998	0.1875R	+7(5¾%-98)	Salomon Brothers
DSL Bank(l)	200	5.00	100.20	Dec.1998	0.1875R	+15(5%-98)	Daiwa Europe(Deutschland)
Société Générale‡	100	(c)	100.15	Oct.1999	0.15	-	Lehman Brothers Bankhaus
SWISS FRANCS							
Bayerische Landesbank	150	4.25	102.25	Nov.2003	2.625	-	SBC Warburg
Deutsche Finance (Neths.)	150	4.00	103.20	Nov.2000	2.00	-	Deutsche Morgan Grenfell
Sudwestdeutsche LB Cap.Mkts.	100	4.50	101.95	Dec.2005	2.75	-	Merrill Lynch Capital Mkts.
ITALIAN LIRE							
World Bank(d)	150bn	10.60	101.15	Nov.1998	1.25	-	Credito Italiano
AUSTRALIAN DOLLARS							
Queensland Treasury Corp.*	200	7.375#	100.062	Oct.2000	1.875	-	Nomura International
PESETAS							
DSL Finance(e)	10bn	(e1)	100.00	Nov.2005	0.30	-	Deutsche Bank

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. *Unlisted. ‡ Floating-rate note. #Semi-annual coupon. R: fixed re-offer price; fees shown at re-offer level. a) 3-mth Libor flat. b) Pfandbrief. c) 3-mth Libor +4bp. d) Callable on 13/11/97 at par. e) Callable on 16/11/98 at par. e1) 10.735% to 16/11/98 and 11.30% thereafter. l) Long 1st coupon. s) Short 1st coupon.

National Power funds bid with $2.8bn loan

By Antonia Sharpe and Graham Bowley

National Power, Britain's largest power generator, is to finance its £2.8bn bid for Southern Electric, the UK regional electricity company, with a £2.5bn syndicated loan.

The loan is to be provided by National Westminster Bank and Chemical Bank as lead arrangers and Barclays Bank and Union Bank of Switzerland as joint arrangers.

National Power said the remaining funds for the bid would be financed from existing resources. The banks did not comment on the maturity or pricing of the loan.

Meanwhile, Norwich and Peterborough Building Society, the UK's 19th largest society in total assets, has mandated Westdeutsche Landesbank Girozentrale (WestLB) to arrange a fully-underwritten £120m loan.

The loan has a five-year term but the average maturity will be three years because of scheduled amortisation. The margin for the first three years is 15 basis points over Libor, rising to 17.5 basis points for the last two. Participation fees for banks taking £10m will be 5 basis points, and 3 basis points for £5m.

The facility's purpose is to refinance a bridging facility that was made available to Norwich and Peterborough to fund the acquisition of a residential mortgage portfolio and as general working capital.

Chemical Bank has launched a DM350m five-year term loan facility on behalf of Fiat Bank, a subsidiary of the Italian car company. Fiat Bank will be paying an interest rate of Libor plus a margin of 18.75 basis points. The commitment fee on the loan, which is for general funding purposes, is 9.5 basis points.

Banque Audi set for Arab world's first GDR issue

By Roula Khalaf, Middle East Correspondent

Banque Audi, Lebanon's fourth largest bank in terms of assets, is set to issue the Arab world's first global depository receipts, according to London-based institutional investors.

Banque Audi's $30m to $40m GDR issue, to be marketed from next week by a syndicate led by Robert Fleming, is expected to trade over the counter and seek a listing on the Luxsmbourg stock exchange. This would make it the first Lebanese liquid corporate security available to international institutional investors.

With total 1994 assets of L£1,624bn, Banque Andi, which has 22 branches across Lebanon, claims 7.2 per cent of Lebanese bank deposits. The commercial bank – 33 per cent of whose shares are held by members of the Audi family, and the rest by Lebanese and other Arab nationals – is best known in the west for its quarterly economic analysis newsletter, regarded as the most reliable source of information on the Lebanese economy.

Banqus Andi's move to increase its capital base is a reflection of the challenges facing Lebanese banks as the country forges ahead with a reconstruction project worth more than $30bn.

The banking sector, which once acted as a recycler of petrodollars from rich Gulf states, is now striving to position itself as a conduit for funds coming into the region, including the estimated $40bn held by Lebanese nationals outside their country.

The rapid deterioration of the Lebanese pound during 16 years of civil war eroded Lebanese banks' capital base. To face up to competition from foreign banks trickling back into the country, invest in new technology and develop investment banking products capable of attracting capital, Lebanese banks have been seeking to increase their capital.

However, they have been hampered by a 1983 law, now under revision, requiring long central bank approval for every sale or purchase of bank shares. The Banque Audi GDR issue, which is aimed at non-Lebanese institutional investors, overcomes this hurdle: the shares are placed with a depository bank approved by the Lebanese central bank and depository receipts are issued against the shares.

Lebanese banks have in the past few years enjoyed a comfortable existence – they have done little more than take deposits and invest them in high-yielding Lebanese treasury bills, in the process recording a return on equity of about 30 per cent.

In addition to compulsory reserve requirements of 13 per cent on Lebanese pound deposits, the Lebanese central bank forces banks to invest another 40 per cent of Lebanese pound deposits in Lebanese Treasury bills. Up to 65 per cent of foreign currency deposits can be lent out. These requirements are aimed in part at supporting the Lebanese pound and reversing the "dollarisation" of the economy, but also at maintaining a high level of liquidity in the banking sector. Because of the high treasuries yield, however, banks have tended to invest an even larger share of deposits in treasuries.

Despite being saddled with a high cost structure, Banque Audi recorded net profits of L£12.7bn in 1994, more than double the 1993 figure and representing a 30 per cent return on equity.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		7.500	07/05	92.9900	+0.080	8.57	8.66	8.18
Austria		6.875	08/05	98.5400	-0.230	6.93	7.03	8.98
Belgium		6.500	03/05	96.4300	+0.050	7.02	7.18	7.18
Canada *		8.750	12/05	107.1600	-0.120	7.71	7.89	7.88
Denmark		7.000	12/04	94.7000	+0.140	7.82	8.01	8.00
France	BTAN	7.750	04/00	103.7500	-0.130	6.73	6.82	6.56
	OAT	7.750	10/05	101.9600	-0.160	7.46	7.70	7.29
Germany Bund		6.875	05/05	102.2200	+0.060	6.55	6.67	6.69
Ireland		6.250	10/04	88.3500	+0.300	8.12	8.32	8.31
Italy		10.500	04/05	94.2200	+0.200	11.52†	11.40	11.25
Japan	No 129	6.400	03/00	120.5910	+0.340	1.46	1.66	2.18
	No 174	4.600	09/04	114.8700	+0.410	2.55	2.71	3.17
Netherlands		7.000	06/05	102.7400	+0.140	6.60	6.59	6.72
Portugal		11.875	02/05	103.7600	+0.100	11.18	11.24	11.23
Spain		10.000	02/06	95.0100	+0.010	10.85	10.95	10.90
Sweden		6.000	02/05	79.7290	-0.150	8.34	9.69	10.11
UK Gilts		8.000	12/00	102-13	+2/32	7.42	7.66	7.63
		8.500	12/05	103-14	+2/32	8.00	8.13	8.05
		9.000	10/08	107-00	+3/32	8.12	8.22	8.12
US Treasury *		6.500	08/05	102-30	+6/32	8.10	6.27	6.18
		6.875	08/25	105-22	+8/32	6.44	6.56	6.58
ECU (French Govt)		7.500	04/05	98.6400	+0.200	7.70	7.83	7.63

London closing 4/10/95, *New York closing 4/10/95 Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal Source: MMS International

US INTEREST RATES

Latest		Treasury Bills and Bond Yields			
		One month	5.56	Two year	5.75
Prime rate	8¾	Two month	5.53	Three year	5.81
Broker loan rate	7½	Three month	5.46	Five year	5.91
Fed.funds	5¾	Six month	5.59	10-year	6.10
Fed.funds at intervention	-	One year	5.61	30-year	6.43

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

[illegible]

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

[illegible]

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE) DM250,000 100ths of 100%

[illegible]

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

[illegible]

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE) Lira 200m 100ths of 100%

[illegible]

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

[illegible]

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

[illegible]

UK

■ NOTIONAL UK GILT FUTURES (LIFFE) £50,000 32nds of 100%

[illegible]

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

[illegible]

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

[illegible]

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

[illegible]

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

[illegible]

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thu Oct 5	Day's change %	Wed Oct 4	Accrued interest	xd adj. ytd		Low coupon yield Oct 5	Oct 4	Yr. ago	Medium coupon yield Oct 5	Oct 4	Yr. ago	High coupon yield Oct 5	Oct 4	Yr. ago
1 Up to 5 years (23)	121.99	+0.01	121.98	1.93	8.38	5 yrs	7.54	7.53	8.70	7.53	7.51	8.62	7.62	7.61	8.93
2 5-15 years (21)	144.98	-0.13	145.16	1.77	9.78	15 yrs	8.18	8.18	8.88	8.21	8.18	8.82	8.30	8.27	8.06
3 Over 15 years (9)	180.53	-0.18	180.83	2.53	9.84	20 yrs	8.23	8.21	8.64	8.26	8.23	8.82	8.34	8.31	8.93
4 Irredeemables (6)	183.36	-0.21	183.75	3.63	8.83	Irred.†	8.33	8.30	8.70						
5 All stocks (59)	140.96	-0.09	141.09	1.99	9.35										

Index-linked							Inflation 5% Oct 5	Oct 4	Yr. ago	Inflation 10% Oct 5	Oct 4	Yr. ago
6 Up to 5 years (1)	192.94	+0.01	192.92	-0.50	8.37	Up to 5 yrs	3.06	3.06	4.10	1.99	1.98	3.00
7 Over 5 years (11)	185.33	-	185.34	0.91	4.00	Over 5 yrs	3.66	3.66	3.89	3.47	3.47	3.71
8 All stocks (12)	185.37	-	185.38	0.87	4.10							

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Oct 5	Oct 4	Oct 3	Oct 2	Sep 29	Yr ago	High*	Low*
Govt. Secs. (UK)	93.34	93.44	93.25	93.25	93.00	90.63	95.51	90.22
Fixed interest	111.78	111.74	111.57	111.52	111.54	107.02	114.66	108.77

* for 1995. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Oct 4	Oct 3	Oct 2	Sep 29	Sep 28
Gilt Edged bargains	77.2	89.9	74.6	84.8	88.7
5-day average	83.0	90.1	89.2	90.2	81.1

UK GILTS PRICES

[illegible]

Other Fixed Interest

[illegible]

FT/ISMA INTERNATIONAL BOND SERVICE

[illegible]

CURRENCIES AND MONEY

MARKETS REPORT

Ecu weakness sets tone for foreign exchanges

By Philip Gawith

The recent tensions surrounding the path to monetary union in Europe resurfaced in a novel fashion yesterday when the European Currency Unit (Ecu) fell to its lowest level in five months against the D-Mark.

The Ecu is a currency with few natural end-users, so it is a rare day when it is on the tip of traders' tongues. For the same reason, it was not surprising that analysts attributed its fall to central bank selling.

The Ecu finished in London at DM1.835, down from DM1.852.

Elsewhere in the markets, it was a case of the dollar again succumbing to afternoon fatigue. It closed at 4pm at DM1.4301 and Y100.465, from DM1.4363 and Y101.05. An hour later it had slipped further to DM1.4239, and below Y100 once more, to Y99.80.

The D-Mark was stronger across the board in Europe, with the French franc a conspicuous loser. It finished at FFr3.468, from FFr3.454 against the D-Mark.

Sterling had a fairly uneventful day, closing little changed against the dollar, at $1.5825, from $1.5817. Against the D-Mark it finished at DM2.2631, from DM2.2717.

On the interest rate front, the Bundesbank council left official rates unchanged after its meeting. The Danish central bank, however, cut its two-week rate to 5.3 per cent, from 5.4 per cent while the Bank of Finland cut its tender rate to 5.5 per cent, from 6 per cent.

■ The weakness of the Ecu is clearly a function of uncertainty about whether the January 1 1999 deadline for implementing a single European currency will be met. The debate over the future name for such a currency has also not helped. Germany has ruled out Ecu as a name, most recently at the weekend meeting of EU central bankers and finance ministers in Valencia.

Mr Joe Prendergast, currency strategist at Merrill Lynch in London, said: "The prospects for European monetary union and the continuity of the Ecu into stage three of monetary union are critical components for the Ecu's prospects."

One of the factors weighing on the Ecu yesterday was a report that elements of the Dutch government were questioning the use of the Ecu in stage three of monetary union.

Market rumours were that the Bundesbank and Scandinavian central banks were selling Ecus for D-Marks, but the Bundesbank declined to comment. One theory was that banks were adjusting reserves in anticipation of a possible re-entry (by the lira?) into the ERM.

Inasmuch as this reasoning might have related to Italy, the premise was disputed by Mr Antonio Fazio, governor of the Bank of Italy, who cautioned against an early entry into the ERM for the lira. "A return to the ERM with public accounts disordered would immediately put us under pressure," he told the Senate budget committee.

He also said the lira would also have to be ready to trade in a narrow 2-3 per cent band around a central rate, not taking advantage of the full 15 per cent allowed. "If not, the speculators would attack us, hunt us out, destroy us. It would be extremely damaging to enter and then exit again."

Another input into the Emu discussion came from Ms Bodil Nyboe Andersen, governor of the Danish central bank, who conceded that the country's rejection of Emu had had a cost in the form of higher interest rates.

■ The D-Mark/Ecu developments in Europe spilled over into the dollar. This was not a surprise, since historically there has been quite a high correlation between movements in the dollar/D-Mark rate, and the spread between the actual and theoretical Ecu rates, which yesterday widened out towards two per cent – the highest level since March.

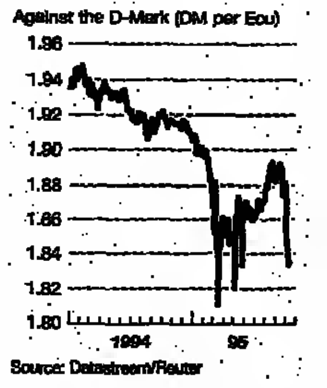
Curiously, a wide spread is normally associated with a currency crisis, which is not the case at present.

While dollar weakness this week testifies to market nervousness, poll evidence suggests most investors believe it will make further advances in the months ahead. A Reuters poll of 37 analysts found that the average one month forecasts were DM1.4450 and Y102.06, while the six-month view is for DM1.5030 and Y105.15.

■ The Bank of England provided £900m assistance towards clearing a £950m money market shortage.

Ecu

Against the D-Mark (DM per Ecu)



Source: Datastream/Reuter

■ **Pound in New York**

Oct 5	Latest	Prev. close
£ spot	1.5845	1.5826
1 mth	1.5833	1.5814
3 mth	1.5815	1.5796
1 yr	1.5723	1.5710

■ **OTHER CURRENCIES**

Oct 5	£	$
Czech Rp	41.8787 - 41.9210	26.4720 - 26.4820
Hungary	207.784 - 207.975	131.330 - 131.380
Iran	4749.00 - 4748.00	3000.00 - 3000.00
Kuwait	0.4743 - 0.4747	0.2998 - 0.2998
Poland	3.8680 - 3.8760	2.4450 - 2.4485
Russia	7109.25 - 7109.51	4491.00 - 4494.00
UAE	5.8099 - 5.8144	3.6725 - 3.6730

POUND SPOT FORWARD AGAINST THE POUND

Oct 5		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	15.9256	-0.0818	144 - 367	16.0280	15.9131	15.8952	2.3	15.8366	2.2	-	-	106.9
Belgium	(BFr)	46.5493	-0.1686	203 - 782	46.8330	46.5200	46.4543	2.4	46.2643	2.4	45.5293	2.2	109.2
Denmark	(DKr)	8.7860	-0.03	761 - 959	8.8372	8.7761	8.7783	1.0	8.7818	1.1	8.6893	1.0	109.9
Finland	(FM)	6.7961	-0.0093	880 - 042	6.8490	6.7880	6.7917	0.8	6.7936	0.7	-	-	88.3
France	(FFr)	7.8488	+0.0008	443 - 533	7.8829	7.8428	7.8435	0.8	7.8322	0.6	7.7755	0.9	109.6
Germany	(DM)	2.2631	-0.0086	616 - 646	2.2761	2.2608	2.258	2.7	2.2488	2.6	2.2076	2.5	111.6
Greece	(Dr)	370.559	+0.648	362 - 754	371.498	368.098	-	-	-	-	-	-	67.2
Ireland	(I£)	0.9820	+0.0017	811 - 829	0.9830	0.9795	0.9812	1.0	0.9799	0.9	0.9787	0.5	97.7
Italy	(L)	2550.59	+3.82	880 - 259	2564.83	2548.16	2557.84	-3.4	2572.74	-3.5	2640.89	-3.5	69.8
Luxembourg	(LFr)	46.5493	-0.1686	203 - 782	46.8330	46.5200	46.4543	2.4	46.2643	2.4	45.5293	2.2	109.2
Netherlands	(Fl)	2.5340	-0.0101	328 - 352	2.5489	2.5325	2.5275	3.1	2.5166	2.7	2.4704	2.5	109.3
Norway	(NKr)	9.9506	-0.0233	452 - 563	10.0203	9.9321	9.9384	1.5	9.9165	1.4	9.841	1.1	99.4
Portugal	(Es)	236.900	-0.909	667 - 133	238.232	236.649	237.44	-2.7	238.66	-3.0	-	-	95.5
Spain	(Pta)	195.755	-0.352	614 - 896	196.612	195.458	196.255	-3.1	197.185	-2.8	201.595	-3.0	80.6
Sweden	(SKr)	11.0208	+0.0137	114 - 302	11.0803	10.9842	11.023	-0.2	11.0275	-0.2	11.0509	-0.3	82.6
Switzerland	(SFr)	1.8186	-0.0079	172 - 200	1.8301	1.8157	1.8115	4.7	1.7986	4.2	1.7467	4.0	116.6
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	85.0
Ecu	-	1.2327	+0.0057	320 - 334	1.2335	1.2260	1.2316	1.1	1.2293	1.1	1.22	1.0	-
SDR†	-	1.05907	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5823	+0.0008	817 - 828	1.5882	1.5814	-	-	-	-	-	-	-
Brazil	(R$)	1.5188	+0.0014	162 - 173	1.5215	1.5158	-	-	-	-	-	-	-
Canada	(C$)	2.1128	+0.007	117 - 138	2.1225	2.1107	2.1119	0.5	2.1117	0.2	2.1168	-0.2	85.6
Mexico	(New Peso)	10.3100	-0.0027	908 - 291	10.3625	10.2856	-	-	-	-	-	-	-
USA	($)	1.5825	+0.0008	820 - 830	1.5865	1.5818	1.5813	0.9	1.5796	0.7	1.5711	0.7	92.8
Pacific/Middle East/Africa													
Australia	(A$)	2.0820	+0.0127	799 - 840	2.0845	2.0795	2.0833	-0.7	2.0861	-0.8	2.1009	-0.9	86.9
Hong Kong	(HK$)	12.2348	+0.0051	301 - 394	12.2802	12.2288	12.2313	0.3	12.2186	0.5	12.1852	0.4	-
India	(Rs)	53.6369	+0.1665	061 - 716	53.7860	53.4940	-	-	-	-	-	-	-
Israel	(Shk)	4.7591	-0.0079	545 - 637	4.8358	4.7534	-	-	-	-	-	-	-
Japan	(Y)	158.986	-0.845	896 - 076	159.830	158.730	158.071	6.9	156.461	6.4	149.536	5.9	143.2
Malaysia	(M$)	4.0128	+0.0153	107 - 148	4.0249	3.9990	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.3968	-0.0039	948 - 988	2.3992	2.3941	2.4027	-3.0	2.412	-2.5	2.4376	-1.7	101.3
Philippines	(Peso)	41.0026	-0.0504	580 - 472	41.1260	40.9563	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.9354	+0.003	333 - 374	5.9575	5.9321	-	-	-	-	-	-	-
Singapore	(S$)	2.2560	-0.0085	575 - 605	2.2759	2.2566	-	-	-	-	-	-	-
South Africa	(R)	5.7968	+0.0082	938 - 998	5.8166	5.7899	-	-	-	-	-	-	-
South Korea	(Won)	1217.34	+3.86	672 - 796	1221.56	1214.25	-	-	-	-	-	-	-
Taiwan	(T$)	42.4071	-0.0734	818 - 323	42.5877	42.3808	-	-	-	-	-	-	-
Thailand	(Bt)	39.7603	-0.0037	398 - 808	39.9160	39.7370	-	-	-	-	-	-	-

† Rates for Oct 4. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Oct 6		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan Index
Europe													
Austria	(Sch)	10.0636	-0.0441	597 - 674	10.1150	10.0550	10.0485	1.8	10.0183	1.8	9.8091	1.5	106.6
Belgium	(BFr)	29.4150	-0.1215	060 - 240	29.5800	29.3970	29.374	1.7	29.205	1.6	28.995	1.4	108.7
Denmark	(DKr)	5.5520	-0.0212	475 - 565	5.5751	5.5455	5.5527	-0.2	5.5485	0.3	5.558	-0.1	108.9
Finland	(FM)	4.2946	-0.008	908 - 983	4.3212	4.2881	4.2942	0.1	4.2931	0.1	4.2896	0.1	87.5
France	(FFr)	4.9598	-0.002	585 - 610	4.9740	4.9620	5.0452	-20.7	4.8551	0.4	4.9428	0.3	109.4
Germany	(DM)	1.4301	-0.0062	296 - 306	1.4371	1.4285	1.4278	1.8	1.4235	1.6	1.405	1.6	110.9
Greece	(Dr)	234.160	+0.29	110 - 210	234.750	232.180	235.885	-8.8	239.085	-8.4	252.56	-7.9	67.0
Ireland	(I£)	1.6115	-0.002	105 - 125	1.6205	1.6105	1.6117	-0.1	1.6118	-0.1	1.6182	-0.4	-
Italy	(L)	1611.76	+1.6	100 - 250	1615.30	1608.50	1618.5	-5.0	1630.55	-4.7	1687.75	-4.7	69.5
Luxembourg	(LFr)	29.4150	-0.1215	060 - 240	29.5800	29.3970	29.374	1.7	29.295	1.8	28.995	1.4	108.7
Netherlands	(Fl)	1.6013	-0.0072	010 - 015	1.6091	1.5994	1.5986	2.0	1.5936	1.6	1.5736	1.7	108.6
Norway	(NKr)	6.2880	-0.0179	865 - 895	6.3114	6.2770	6.2843	0.7	6.278	0.6	6.268	0.3	98.4
Portugal	(Es)	149.700	-0.65	600 - 800	150.400	149.600	150.165	-3.7	151.175	-3.9	155.8	-4.1	95.6
Spain	(Pta)	123.700	-0.285	650 - 750	124.030	123.450	124.08	-3.7	124.85	-3.7	128.345	-3.8	80.5
Sweden	(SKr)	6.9642	+0.0051	604 - 679	6.9892	6.9384	6.9817	-3.0	7.0182	-3.1	7.1887	-3.2	82.3
Switzerland	(SFr)	1.1492	-0.0056	487 - 497	1.1560	1.1468	1.1456	3.8	1.1395	3.4	1.1117	3.3	115.8
UK	(£)	1.5825	+0.0008	820 - 830	1.5865	1.5816	1.5813	0.9	1.5796	0.7	1.5711	0.7	84.6
Ecu	-	1.2838	-0.0054	834 - 841	1.2941	1.2834	1.2842	-0.4	1.2849	-0.3	1.2872	-0.3	-
SDR†	-	0.67021	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9998	-	996 - 999	0.9999	0.9995	-	-	-	-	-	-	-
Brazil	(R$)	0.9585	+0.0004	584 - 585	0.9585	0.9583	-	-	-	-	-	-	-
Canada	(C$)	1.3351	+0.0037	348 - 353	1.3370	1.3335	1.3356	-0.4	1.3369	-0.5	1.3471	-0.9	84.6
Mexico	(New Peso)	6.5150	-0.005	050 - 250	6.6250	6.5050	6.5172	-0.4	6.5204	-0.3	6.5253	-0.2	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	93.7
Pacific/Middle East/Africa													
Australia	(A$)	1.3156	+0.0074	148 - 165	1.3187	1.3122	1.3174	-1.6	1.321	-1.6	1.3407	-1.9	88.3
Hong Kong	(HK$)	7.7313	-0.0007	308 - 318	7.7320	7.7305	7.7329	-0.2	7.7348	-0.2	7.755	-0.3	-
India	(Rs)	33.8950	+0.09	850 - 050	33.9100	33.7800	34.045	-5.3	34.35	-5.4	35.82	-5.7	-
Israel	(Shk)	3.0074	-0.0065	054 - 093	3.0450	3.0026	-	-	-	-	-	-	-
Japan	(Y)	100.465	-0.585	440 - 490	100.950	100.220	99.97	5.9	99.05	5.6	95.175	5.3	143.2
Malaysia	(M$)	2.5357	+0.0084	352 - 362	2.5400	2.5255	2.5357	0.0	2.536	-0.1	2.5437	-0.3	-
New Zealand	(NZ$)	1.5145	-0.0032	136 - 154	1.5160	1.5104	1.5186	-3.2	1.5261	-3.1	1.5508	-2.4	-
Philippines	(Peso)	25.9100	-0.045	900 - 300	25.9300	25.8900	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7506	-	505 - 507	3.7508	3.7502	3.7511	-0.2	3.752	-0.1	3.7551	-0.1	-
Singapore	(S$)	1.4275	-0.0048	270 - 280	1.4337	1.4270	1.4241	2.9	1.4178	2.7	1.393	2.4	-
South Africa	(R)	3.6631	+0.0033	623 - 638	3.6655	3.6590	3.6884	-8.3	3.7384	-8.2	3.9696	-8.4	-
South Korea	(Won)	769.250	+2.05	100 - 400	769.500	766.600	772.25	-4.7	775.75	-3.4	794.25	-3.2	-
Taiwan	(T$)	26.7975	-0.06	900 - 050	26.8250	26.7800	26.8175	-0.9	26.8575	-0.9	-	-	-
Thailand	(Bt)	25.1250	-0.015	200 - 300	25.1500	25.1100	25.2125	-4.2	24.86	4.2	26.08	-3.8	-

† SDR rate per $ for Oct 4. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Oct 4. Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

October 5	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	4⅛	4⅛	4⅛	4⅛	4⅛	8.00	3.50	-
week ago	4⅛	4⅛	4⅛	4⅛	4⅛	8.00	3.50	-
France	5⅝	6	6⅛	6⅛	6⅛	5.00	-	6.15
week ago	5⅝	6	6⅛	6⅛	6⅛	5.00	-	6.15
Germany	4½	4¼	4	4	4	5.50	3.50	4.05
week ago	4⅜	4¼	4	4	4	5.50	3.50	4.06
Ireland	5⅜	5⅜	5⅝	5⅝	5⅝	-	-	6.25
week ago	5⅜	5⅜	5⅝	5⅝	5⅝	-	-	6.25
Italy	10⅜	10⅜	10⅜	10⅝	10⅝	-	9.00	10.36
week ago	10⅜	10⅜	10⅜	10⅝	10⅝	-	9.00	10.29
Netherlands	3⅞	3⅞	3⅞	3⅞	3⅞	-	3.50	3.80
week ago	3⅞	3⅞	3⅞	3⅞	3⅞	-	3.50	-
Switzerland	2½	2¾	2⅞	2⅞	2½	5.00	2.00	-
week ago	2½	2¾	2¾	2⅞	2½	5.00	2.00	-
US	5⅝	5⅞	5⅝	5⅝	5⅝	-	5.25	-
week ago	5⅝	5⅞	5⅝	5⅝	5⅝	-	5.25	-
Japan	½	½	½	½	⅝	-	0.50	-
week ago	½	½	½	½	⅝	-	0.50	-
■ $ LIBOR FT London Interbank Fixing	-	5⅞	5⅞	5⅞	6⅛	-	-	-
week ago	-	5⅞	5⅞	5⅞	6⅛	-	-	-
US Dollar CDs	-	5.61	5.60	5.60	5.65	-	-	-
week ago	-	5.61	5.46	5.53	5.64	-	-	-
ECU Linked Ds	-	5⅜	5⅜	5⅜	5⅜	-	-	-
week ago	-	5⅜	5⅜	5⅜	5⅜	-	-	-
SDR Linked Ds	-	3⅜	3⅜	3⅜	3⅜	-	-	-
week ago	-	3⅜	3⅜	3⅜	3⅜	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Oct 5	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	4⅛ - 4	4⅛ - 4	4⅛ - 4	4⅛ - 4	4⅛ - 4⅛	4⅛ - 4⅛
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D-Mark	4⅛ - 4	4⅛ - 4	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portuguese Esc.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spanish Peseta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris interbank offered rate (FFr5m)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.43	93.42	-0.17	93.58	93.38	60,597	40,479
Mar	93.92	93.85	-0.20	94.03	93.91	14,086	29,029
Jun	94.21	94.22	-0.05	94.28	94.17	6,574	20,086

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	96.04	96.05	+0.02	96.08	96.03	24630	145659
Mar	96.10	96.14	+0.05	96.16	96.08	30996	158638
Jun	96.00	96.03	+0.04	96.05	95.98	19145	122443
Sep	95.76	95.82	+0.05	95.83	95.76	20423	85675

■ **THREE MONTH EUROLIRA FUTURES** (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	89.46	89.48	-0.03	89.51	89.41	6079	35703
Mar	89.70	89.80	+0.01	89.81	89.70	1275	23475
Jun	89.83	89.80	-0.01	89.89	89.83	1338	12215
Sep	89.81	89.89	-0.01	89.90	89.81	172	7725

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	97.65	97.64	-	97.65	97.61	2515	24761
Mar	97.73	97.72	+0.03	97.73	97.67	2735	13432
Jun	97.59	97.60	+0.04	97.60	97.55	959	4386
Sep	97.39	97.41	+0.03	97.44	97.37	252	2554

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.36	94.38	-0.04	94.39	94.35	2301	7819
Mar	94.45	94.47	-0.03	94.50	94.45	242	4211
Jun	94.46	94.45	-0.02	94.49	94.45	21	2838
Sep	94.28	94.27	-	94.30	94.27	102	1386

* LIFFE futures also traded on APT

■ **EUROLIRA OPTIONS** (LIFFE) L1000m points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9025	0.55	0.91	1.06	0.36	0.36	0.43
9050	0.39	0.74	0.92	0.41	0.44	0.52
9075	0.26	0.60	0.77	0.55	0.55	0.62

Est. vol. total, Calls 0 Puts 14. Previous day's open int., Calls 32574 Puts [illegible]

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Oct 5		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.87	16.86	4.861	2.110	5480	5.444	21.38	508.9	420.6	23.67	3.908	2.148	4.539	3.401	341.8	2.649
Denmark	(DKr)	52.98	10	8.934	2.576	1.116	2903	2.884	11.33	269.6	222.9	12.54	2.070	1.138	2.405	1.802	181.0	1.403
France	(FFr)	59.31	11.18	10	2.883	1.251	3250	3.228	12.68	301.8	249.5	14.04	2.317	1.274	2.692	2.017	202.6	1.571
Germany	(DM)	20.57	3.882	3.468	1	0.434	1127	1.120	4.397	104.7	86.52	4.870	0.804	0.442	0.934	0.700	70.26	0.545
Ireland	(I£)	47.40	8.947	7.993	2.304	1	2598	2.580	10.13	241.2	199.4	11.22	1.852	1.018	2.152	1.612	161.9	1.256
Italy	(L)	1.826	0.344	0.308	0.089	0.038	100	0.099	0.390	9.287	7.675	0.432	0.071	0.039	0.083	0.062	6.233	0.048
Netherlands	(Fl)	18.37	3.467	3.097	0.893	0.388	1007	1	3.927	93.49	77.27	4.349	0.718	0.395	0.834	0.625	62.75	0.487
Norway	(NKr)	46.78	8.829	7.888	2.274	0.987	2564	2.546	10	238.0	196.8	11.07	1.828	1.005	2.123	1.591	159.8	1.239
Portugal	(Es)	19.65	3.709	3.313	0.955	0.415	1077	1.070	4.201	100	82.65	4.652	0.768	0.422	0.892	0.668	67.12	0.520
Spain	(Pta)	23.77	4.487	4.009	1.156	0.502	1303	1.294	5.082	121.0	100	5.628	0.929	0.511	1.079	0.808	81.21	0.630
Sweden	(SKr)	42.24	7.973	7.123	2.054	0.891	2315	2.300	9.030	215.0	177.7	10	1.651	0.907	1.917	1.436	144.3	1.119
Switzerland	(SFr)	25.59	4.830	4.315	1.244	0.540	1402	1.393	5.471	130.2	107.6	6.058	1	0.550	1.162	0.870	87.41	0.678
UK	(£)	46.55	8.786	7.849	2.263	0.982	2551	2.534	9.951	236.9	195.8	11.02	1.818	1	2.113	1.583	159.0	1.233
Canada	(C$)	22.03	4.158	3.715	1.071	0.465	1207	1.199	4.709	112.1	92.66	5.215	0.861	0.473	1	0.749	75.25	0.584
US	($)	29.41	5.550	4.958	1.430	0.620	1611	1.601	6.286	149.7	123.7	6.961	1.149	0.632	1.335	1	100.4	0.779
Japan	(Y)	29.28	5.526	4.936	1.423	0.618	1604	1.594	6.258	149.0	123.1	6.931	1.144	0.629	1.329	0.996	100	0.775
Ecu		37.75	7.125	6.366	1.835	0.796	2069	2.055	8.071	192.1	158.8	8.936	1.475	0.811	1.714	1.284	129.0	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.7001	0.7014	+0.0017	0.7021	0.6963	13,369	46,581
Mar	0.7035	0.7043	+0.0014	0.7044	0.7070	167	2,402
Jun	-	0.7070	-	0.7070	-	2	62

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5m per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.0036	1.0059	+0.0040	1.0080	1.0010	14,216	57,751
Mar	1.0205	1.0195	+0.0047	1.0205	1.0188	162	8,304
Jun	-	1.0320	-	-	-	10	318

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.8731	0.8763	+0.0035	0.8774	0.8705	10,396	30,906
Mar	0.8828	0.8836	+0.0036	0.8848	0.8828	274	2,131
Jun	-	0.8905	-	0.8915	-	12	47

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.5806	1.5802	+0.0006	1.5848	1.5780	2,169	30,562
Mar	-	1.5800	-	1.5810	1.5760	2	118
Jun	-	1.5740	-	1.5760	-	14	10

UK INTEREST RATES

LONDON MONEY RATES

Oct 5	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	8 - 6	6¾ - 6½	6¾ - 6⅝	6¾ - 6⅝	6¾ - 6⅝	6¾ - 6⅝
Sterling CDs	-	-	6⅝ - 6⅝	6⅝ - 6⅝	6⅝ - 6⅝	6⅝ - 6⅝
Treasury Bills	-	-	6⅝ - 6⅝	6⅝ - 6⅝	-	-
Bank Bills	-	-	6⅝ - 6⅝	6⅝ - 6⅝	6⅝ - 6⅝	-
Local authority deps.	6⅝ - 6⅝	6⅝ - 6⅝	6⅝ - 6⅝	6⅝ - 6⅝	6⅝ - 6⅝	6⅝ - 6⅝
Discount Market deps	7¼ - 6½	6⅝ - 6⅝	-	-	-	-

UK clearing bank base lending rate 6¾ per cent from February 2, 1995

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	3	5¾	5¾	6	6¼

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1½pc.
Ave. tender rate of discount 6.5302pc. ECGD fixed rate Stg. Export Finance. Make up day Sep 29, 1995. Agreed rate for period Oct 25, 1995 to Nov 25, 1995, Schemes II & III 8.04pc. Reference rate for period Sep 1, 1995 to Sep 29, 1995, Scheme IV & V 6.795pc. Finance House Base Rate 7pc from October 1, 1995

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.45	93.45	-	93.46	93.43	8962	103773
Mar	93.56	93.52	-0.03	93.56	93.50	7986	81445
Jun	93.53	93.48	-0.03	93.54	93.48	8138	47814
Sep	93.35	93.32	-0.02	93.36	93.30	4021	34493
Dec	93.13	93.10	-0.02	93.14	93.09	1741	26853

Also traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9325	0.28	0.45	0.56	0.08	0.16	0.32
9350	0.13	0.30	0.42	0.18	0.28	0.43
9375	0.05	0.18	0.30	0.35	0.41	0.58

Est. vol. total, Calls 6485 Puts 8394. Previous day's open int., Calls 135445 Puts 117160

EMS EUROPEAN CURRENCY UNIT RATES

Oct 6	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.15214	2.10321	-0.00225	-2.27	4.95	17
Belgium	39.3960	38.6300	-0.0357	-1.94	4.60	14
Germany	1.91007	1.87833	-0.0021	-1.68	4.29	16
Austria	13.4383	13.2178	-0.0155	-1.64	4.27	12
Spain	162.493	162.291	-0.03	-0.12	2.69	1
Denmark	7.28580	7.29091	-0.00436	0.07	2.49	-0
Portugal	195.792	196.757	-0.031	0.49	2.06	-3
France	6.40608	6.51052	+0.01769	1.63	0.92	-14
Ireland	0.792214	0.812506	+0.000649	2.56	0.00	-17
NON ERM MEMBERS						
Greece	292.867	306.917	+0.72	4.80	-2.13	-
Italy	2106.15	2113.10	+1.88	0.33	2.22	-
UK	0.786652	0.827852	-0.000391	5.24	-2.54	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	CALLS Oct	CALLS Nov	CALLS Dec	PUTS Oct	PUTS Nov	PUTS Dec
1.540	4.23	4.59	5.12	-	0.50	1.05
1.550	3.28	3.81	4.41	0.02	0.72	1.34
1.560	2.44	3.09	3.77	0.13	0.92	1.69
1.570	1.66	2.50	3.18	0.35	1.28	2.10
1.580	1.01	1.94	2.90	0.70	1.71	2.32
1.590	0.56	1.47	2.64	1.25	2.26	2.56

Previous day's vol., Calls 2,074 Puts 2,843 . Prev. day's open int., Calls 251,576 Puts 273,579

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	94.22	94.23	+0.01	94.24	94.21	54,320	418,843
Mar	94.40	94.39		94.41	94.37	60,290	380,233
Jun	94.36	94.37	+0.01	94.37	94.34	31,830	245,024

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	94.78	94.78	+0.01	94.78	94.77	1,271	13,957
Mar	94.88	94.87	-	94.88	94.86	168	3,562
Jun	-	94.85	+0.05	-	-	1	145

All Open interest figs. are for previous day

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100%

Strike Price	CALLS Oct	CALLS Nov	CALLS Dec	CALLS Mar	PUTS Oct	PUTS Nov	PUTS Dec	PUTS Mar
9600	0.07	0.10	0.13	0.27	0.02	0.05	0.08	0.13
9625	0	0.02	0.04	0.14	0.20	0.22	0.24	0.25
9650	0	0	0.01	0.06	0.45	0.45	0.46	0.42

Est. vol. total, Calls 6827 Puts 2636. Previous day's open int., Calls 225609 Puts 222217

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9750	0.19	0.32	0.34	0.05	0.10	0.24
9775	0.06	0.18	0.20	0.17	0.21	0.35
9800	0.03	0.08	0.11	0.39	0.36	0.51

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 5125 Puts 800

BASE LENDING RATES

	%
Adam & Company	6.75
Allied Trust Bank	6.75
AIB Bank	6.75
●Henry Ansbacher	6.75
Bank of Baroda	6.75
Banco Bilbao Vizcaya	6.75
Bank of Cyprus	6.75
Bank of Ireland	6.75
Bank of India	6.75
Bank of Scotland	6.75
Barclays Bank	6.75
Brit Bk of Mid East	6.75
●Brown Shipley & Co Ltd	6.75
Citibank NA	6.75
Clydesdale Bank	6.75
The Co-operative Bank	6.75
Coutts & Co	6.75
Credit Lyonnais	6.75
Cyprus Popular Bank	6.75
Duncan Lawrie	6.75
Exeter Bank Limited	7.75
Financial & Gen Bank	7.50
●Robert Fleming & Co	6.75
Girobank	6.75
●Guinness Mahon	6.75
Habib Bank AG Zurich	6.75
●Hambros Bank	6.75
Heritable & Gen Inv Bk	6.75
●Hill Samuel	6.75
C. Hoare & Co	6.75
Hongkong & Shanghai	6.75
Julian Hodge Bank	6.75
●Leopold Joseph & Sons	6.75
Lloyds Bank	6.75
Meghraj Bank Ltd	6.75
Midland Bank	6.75
* Mount Banking	6.75
NatWestminster	6.75
●Rea Brothers	6.75
* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	10
Royal Bk of Scotland	6.75
●Singer & Friedlander	6.75
●Smith & Williamson Secs.	6.75
TSB	6.75
United Bank of Kuwait	6.75
Unity Trust Bank Plc	6.75
Western Trust	6.75
Whiteaway Laidlaw	6.75
Yorkshire Bank	6.75

● Members of London Investment Banking Association
* In administration

LONDON SHARE SERVICE

BANKS, MERCHANT

BANKS, RETAIL

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

EXTRACTIVE INDUSTRIES - Cont.

FOOD PRODUCERS

GAS DISTRIBUTION

HEALTH CARE

HOUSEHOLD GOODS

HOUSEHOLD GOODS - Cont.

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INV TRUSTS SPLIT CAPITAL

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LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

[illegible]

OTHER INVESTMENT TRUSTS

[illegible]

INVESTMENT COMPANIES

[illegible]

LEISURE & HOTELS

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL, INTEGRATED

[illegible]

OIL, INTEGRATED - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER SERVICES & BUSINESSES

[illegible]

PAPER, PACKAGING & PRINTING

[illegible]

PHARMACEUTICALS

[illegible]

PROPERTY

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

SPIRITS, WINES & CIDERS

[illegible]

SUPPORT SERVICES

[illegible]

SUPPORT SERVICES - Cont.

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

AIM

[illegible]

AIM - Cont.

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

SOUTH AFRICANS

	Notes	Price	+ or -	1995 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£31⅜	—	934	£29	2,109	2.6	Φ
Barlow	♣	27¼	—	£27¼	£4⅞	1,449	1.3	28.8
Gold Flds Prop R		142xd	—	182	118	14.6	7.3	6.5
NK Props		89	—	90	85	3.49	13.5	-
SASOL	♥	814	—	848	435	3,009	2.8	-
SA Brews		£19⅞	—	220	£12⅞	5,870	1.7	Φ
Standard Bank		£21⅜	—	£23⅜	£20⅜	2,847	2.1	15.1
Tiger Oats		915	—	960	700	1,376	1.6	22.3
Tongaat-Hulett	†‡	783	—	836	638	113.8	1.6	28.6

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by FT Extel, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IIMR 'Headline Earnings' formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAV/s) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- ▪ Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Φ Figures or report awaited
- ♥ Rule 2.1(a)(v) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v P/e ratios are calculated under new ACT guidelines.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1995.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1995-96.
S Forecast annualised yield, p/e based on prospectus or other official estimates.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xc ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1275 a year for each security shown, subject to the Editor's discretion

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

BERMUDA (REGULATED)(**)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

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OFFSHORE INSURANCES

MANAGED FUNDS NOTES

LONDON STOCK EXCHANGE

MARKET REPORT

Bond market jitters unnerve share prices

By Steve Thompson, UK Stock Market Editor

A gradual deterioration across international bond markets provoked increasing nervousness on European stock markets and all but wiped out an earlier good performance by UK equities.

Earlier, the expected increased bid for Fisons by Rhône Poulenc Rorer, the US subsidiary of Rhône Poulenc, the French group, together with rumours of imminent bids in the brewing and utilities sectors had given the market a big lift.

Dealers said there was no other factor driving bonds lower than the usual bout of nerves ahead of important US economic data. Today brings the monthly non-farm payroll report which is expected to reveal an increase of 160,000 new jobs in the US.

A sharp increase in the figure would be seen as jeopardising the chances of a cut in US interest rates when the Federal Reserve Open Market Committee meets on November 15. A worse-than-expected employment report, on the other hand, could promote renewed worries about the damaging effect on corporate earnings of a sharp slowdown in the US economy.

But the two main stock market indices, the FT-SE 100 and FT-SE Mid 250, still managed to keep their heads above water.

The FT-SE 100 moved in a near-15 point arc before settling only fractionally higher on the day, up 0.3 at 3,544.4. At one point earlier in the session when the day's bid rumours came to the boil, the index was 11.2 higher and looking as if it was gathering itself for a determined run at its all-time high – 3,587.0 – reached in the middle of last month.

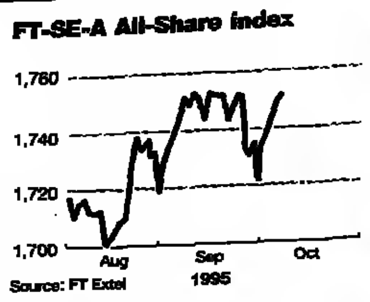
The FT-SE Mid 250 gave a much more solid performance, closing not far short of its session high and 7.5 better at 3,991.3. Marketmakers said only the merest hint of more bids among the 250 constituents was needed to push the Mid 250 index through the 4,000 barrier for the first time since February 18 last year.

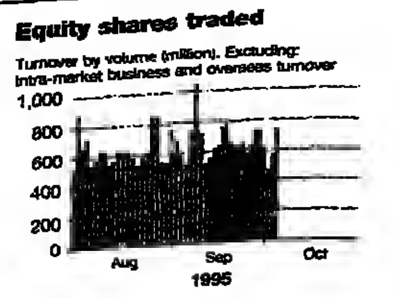
Dealers said share prices had responded to increasing evidence that money from the previous bids in the electricity sectors and elsewhere was being injected into a number of the top quality high yielding stocks.

Rhone Poulenc Rorer's move to increase its offer for Fisons and in the process to send its broker Hoare Govett into the market to buy Fisons stock was the day's feature. With Hoare buying stock at the bid price, turnover in Fisons rocketed to well above the 200m-mark, over 21 per cent of overall market turnover which topped 1bn for the first time in some months.

Among other hard takeover news developments, Boddington, the Manchester brewer, saw its shares rocket before and after news that it had received a takeover approach. The news was also accompanied by hints of a big rights issue to help finance a bid for Boddington. Greenalls was the market's favourite to bid for the Manchester group.

Much lower quality takeover gossip surrounded other stocks. Legal & General, the general insurer, was the FT-SE 100'a best performer, up 2.5 per cent, as speculator's revived old stories tbat Allianz, the German insurer, may be about to bid.





Indices and ratios

FT-SE 100	3544.4	+0.3
FT-SE Mid 250	3981.3	+7.5
FT-SE-A 350	1771.5	+0.8
FT-SE-A All-Share	1750.75	+0.91
FT-SE-A All-Share yield	3.81	(3.81)
FT Ordinary index	2825.4	-1.9
FT-SE-A Non Fins p/e	1872.63	-0.44
FT-SE 100 Fut Dec	3570.0	-5.0
10 yr Gilt yield	8.04	(8.00)
Long gilt/equity yld ratio:	2.19	(2.18)

Best performing sectors

1 Life Assurance ..... +2.0
2 Household Goods ..... +1.5
3 Insurance ..... +1.4
4 Health Care ..... +1.1
5 Water ..... +0.9

Worst performing sectors

1 Oil Exploration & Prod ..... -1.4
2 Extractive Industries ..... -1.1
3 Transport ..... -1.8
4 Spirits, Wines & Cid ..... -0.8
5 Media ..... -0.6

Cash pile lifts high yielders

Composite insurers shouldered their way to the top end of the Footsie chart yesterday as income funds searched around for high yielding stocks.

Dealers said money paid out to institutional holders of Eastern Electricity by Hanson, after its £2.5bn takeover of the regional electricity company was still looking for a home. The composites are the second highest yielding sector of the market after the gas distributors – effectively British Gas – and at least two of them are carrying extra weight in the form of interim dividends.

General Accident, which goes ex a 10.7p net dividend shortly, jumped 14 to 632p. Royal Insurance shrugged off any concerns about the cost of claims resulting from Hurricane Opal and rose 9 to 366p while Sun Alliance was up 8 at 365p.

Life insurance group Legal & General was the best performing Footsie stock putting on a rise of 15¼ to 616¼p.

There was help early in the day from comments made by the chairman of the Securities and Investment Board who suggested that the regulatory framework could be eased. The stock was boosted further by fairly old takeover talk.

Allianz of German and TSB were both mentioned. Analysts were cynical but pointed out that a lot of the recent rumours in the market have come true and it was difficult to be a seller in the face of them.

Fisons active

Rumours of Fisons demise have often been exaggerated. But yesterday the end was a good deal nearer as Rhône Poulenc Rorer moved into the market to pick up some 18.5 per cent of the company's equity.

The move, carried out by Hoare Govett, contributed to 212m of the day's total turnover. However, some dealers were slightly surprised at the number of 'error' trades reported – at one stage the volume shown on the screens was as high as 356m shares. The volume followed an increased offer from the hostile bidder. The new offer of 265p a share values Fisons at over £1.6bn.

Although Fisons rejected the new approach, most analysts believed that, on balance, it was enough to win control of the company. They pointed out that if the bid were to collapse shareholders would face a slump of some 30 per cent in the value of their holdings.

City pharmaceuticals specialists also felt that the emergence of a 'white knight' counter-bidder was not likely at the current level. The heavy buying activity pushed Fisons shares up 4¼ to 263½p.

The belief that the funds freed by a Fisons takeover would be reinvested elsewhere in the sector boosted several rival healthcare stocks. Among them, Reckitt & Colman jumped 9 to 661p and Medeva 8¼ to 279½p. Smith & Nephew rose 2½ to 196½p with additional help from a day-long presentation to analysts.

The drinks sector was enlivened in the last hour of trading by confirmation from Boddington Group, that it had received an approach which "may lead to a recommended offer."

The shares had performed strongly on Wednesday and throughout yesterday's session on bid talk. However, in a late afternoon statement from the group that sent the shares soaring 86 to 358p, after trade of 2.5m.

Boddington did not name its would be suitor, though early suggestions that it could be Whitbread appeared to fade late yesterday as attention turned to Greenalls Group as the most likely predator. Shares in the former closed 7 lower at 629p, while the latter gave up a previous advance to close a net 9½ off at 488½p.

Dealers suggested an offer for Boddington was unlikely to fall below 350p a share and keen observers of the sector said they expect Greenalls to launch a deeply discounted rights issue to fund any acquisition.

Channel tunnel operator Eurotunnel dipped 3 to 92p ahead of today's interim results statement. A late rumour hinted that the group would weigh in with a half-year loss of £450m. The previous market range was for a deficit of £300m to £400m.

The group has promised to announce new revenue estimates to replace those contained in the May rights issue prospectus, but analysts will mostly have their antenna tuned for news on the debt rescheduling negotiations. Eurotunnel is currently in huddle with its bankers on rescheduling £8bn of borrowings. There were also heavy bets yesterday that the group may well have management changes up its sleeve.

A stock overhang stemming from Wednesday's placing of 17.4m shares pushed storage and distribution group Transport Development to the bottom of the FT-SE Mid 250 rankings. The shares fell 11 to 194½p for two-day setback of 8 per cent.

Pharmaceuticals group SmithKline Beecham surprised the market with a further rise of 6 to 682p in the 'A' – another new high for the stock.

Arbitrage dealers who trade on the spread between the US and UK stock had been suggesting that the recent strong run in the shares was losing energy.

However, Mr Jerry Brimeyer, Lehman Brothers' pharmaceuticals analyst in the US, gave them an extra boost with a piece of wide-ranging research which suggests that prescriptions will grow at 5 per cent a year for the next few years as opposed to 1.5 per cent currently.

Bad news continued to pils up for British Steel. Brokers Williams de Broe turned seller on Wednesday and yesterday SBC Warburg cut its dividend estimates for next year and downgraded the shares from add to hold. The stock finished as clear Footsie backmarker with a 5¾ decline to 175¼p – against a 1995 peak of 191p.

UBS was also cautious on Allied Domecq while Lehman Brothers strongly urged investors to sell the stock. The shares surrendered 6 to 526p, in trade of 4.8m. Mr John Wakeley at the US investment bank believes Allied Domecq has little alternative but to cut its dividend.

Allied yesterday announced a restructuring of its Carlsberg-Tetley brewing joint venture with Carlsberg, the Danish group.

Buy orders from Wall Street, plus a technical squeeze, were said have boosted support services leader Rentokil which spent last week making a series of presentations in the US. A strong performer lately having moved up from 230p since March, the shares put on 8 to 333½p in 1.8m traded for a two day gain of 4 per cent.

Down 5 at one stage, electronics group Amstrad closed sharply higher as worries about production delays for its Danecall mobile phones business were assuaged by the company. Tha shares ended 12½ up at 268½p in 3.3m.

United News & Media rose 9 to 538p as Panmure Gordon took a look at the group's break up value and decided it was worth 600p a share.

Enterprise Oil slipped 10 to 347p as investment bank BZW reiterated a sell recommendation.

FINANCIAL TIMES EQUITY INDICES

	Oct 5	Oct 4	Oct 3	Oct 2	Sep 28	Yr ago	*High	*Low
Ordinary Share	2625.4	2627.3	2613.7	2607.5	2601.5	2308.1	2666.5	2238.3
Ord. div. yield	4.08	4.08	4.10	4.11	4.12	4.46	4.73	4.02
P/E ratio net	15.81	15.82	15.73	15.69	15.64	17.59	21.33	15.47
P/E ratio nil	15.82	15.63	15.55	15.46	15.46	17.38	22.21	15.25

*For 1995. Ordinary Share index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2629.0	2631.0	2627.4	2629.2	2630.6	2632.8	2629.4	2628.5	2622.9	2632.8	2622.2

	Oct 5	Oct 4	Oct 3	Oct 2	Sep 29	Yr ago
SEAQ bargains	28,244	27,769	29,461	28,848	26,199	20,425
Equity turnover (£m)†	-	1931.1	2033.2	1275.0	1606.1	1202.8
Equity bargains†	-	33,675	35,784	34,796	31,260	23,637
Shares traded (ml)†	-	775.3	580.4	465.3	611.5	595.2

†Excluding intra-market business and overseas turnover.

London market data

Rises and falls*		1995 Highs and lows		LIFFE Equity options	
Total Rises	530	Total Highs	126	Total contracts	23,748
Total Falls	671	Total Lows	51	Calls	14,974
Same	1,700			Puts	8,775

Oct. 5 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	3575.0	3570.0	-5.0	3588.0	3563.0	7754	62226
Mar	-	3603.0	-5.0	-	-	0	2303
Jun	-	3607.0	-5.0	-	-	0	134

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	-	4020.0	+10.0	-	-	0	3538

■ FT-SE 100 INDEX OPTION (LIFFE) (*3544) £10 per full index point

[illegible]

Calls 1,852 Puts 2,055

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	3375 C	3375 P	3425 C	3425 P	3475 C	3475 P	3525 C	3525 P	3575 C	3575 P	3625 C	3625 P	3675 C	3675 P	3725 C	3725 P
Oct	174	3½	127	6½	83½	12½	46½	25½	21	50	7½	86	2	130½	1½	179
Nov	193	11	150½	17½	112	29	78½	45	53	69	30½	96	17	132	9	173½
Dec	218½	26	176½	33½	139½	46	108½	62½	77	82	53½	108	35½	139	22½	175½
Mar			233	60½			166	90½			108½	130			68	186
Jun†			263	90½			203½	125½			150½	167½			107	219

Calls 3,224 Puts 3,225 * Underlying index value. Premiums shown are based on settlement prices.
† Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1995 High	1995 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
50	F.P.	14.1	71	50	Consolidated Coal	64		-	-	-	-
-	F.P.	5.82	125	120	†Euro Sales Fin	125		-	-	-	-
-	F.P.	5.85	40	25	Hay & Robertson	39		v-	-	-	-
-	F.P.	12.2	80	68	†Inner Workings	73		-	-	-	-
65	F.P.	15.9	89	84	Mayflower	88		Zv0.87	2.8	1.0	50.2
-	F.P.	9.08	3¾	3¼	Media Business	3½		-	-	-	-
45	F.P.	17.8	61	52	†MultiMedia	61		v-	-	-	-
-	F.P.	18.3	105	103	Murray Vct	105	+2	-	-	-	-
-	F.P.	5.43	95	70	†Omnicare	88		Hv1.5	4.0	2.1	14.6
-	F.P.	14.4	61	60	Pemberstone	60		v-	-	-	-
100	F.P.	35.6	104	99	Pictet British	102		-	-	-	-
400	F.P.	3.52	400	400	†Preston Nth End	400		v-	-	-	-
125	F.P.	13.2	133	125	†SCS Satellite	128		-	-	-	-
149	F.P.	48.8	183	166	Universal Salvage	161	+3	Mv5.07	1.7	3.5	21.0
-	F.P.	-	½	½	Upton & Sthn Wts	½		-	-	-	-

† Alternative Investment Market. For a full explanation of all other symbols please refer to The London Share Service notes.

FT GOLD MINES INDEX

	Oct 4	% chg on day	Oct 3	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (34)	1991.87	-0.1	1954.71	2269.14	1.82	-	2304.73	1637.91
■ Regional Indices								
Africa (16)	2708.28	+0.5	2695.19	3553.49	4.00	24.96	3711.87	2428.19
Australasia (6)	2362.30	-1.5	2398.13	2869.38	2.16	25.84	2951.49	1788.20
North America (12)	1676.49	-0.2	1679.37	1785.84	0.80	48.07	1831.00	1348.18

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FT - SE Actuaries Share Indices — The UK Series

	Oct 5	Day's chge%	Oct 4	Oct 3	Oct 2	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3544.4	....	3544.1	3524.2	3520.2	2984.4	3.98	2.07	15.15	119.95	1403.76
FT-SE Mid 250	3991.3	+0.2	3983.6	3968.8	3956.9	3445.5	3.43	1.82	20.03	112.35	1551.07
FT-SE Mid 250 ex Inv Trusts	4016.1	+0.2	4010.4	3994.3	3982.5	3440.1	3.55	1.88	18.75	117.52	1561.30
FT-SE-A 350	1771.5	....	1770.7	1761.5	1758.8	1500.2	3.85	2.02	16.04	57.66	1433.61
FT-SE-A 350 Higher Yield	1760.4	+0.1	1757.8	1745.3	1743.3	1502.6	4.82	1.82	13.97	72.94	1161.84
FT-SE-A 350 Lower Yield	1787.6	-0.1	1788.5	1782.7	1779.7	1460.6	2.76	2.39	16.61	41.10	1206.79
FT-SE SmallCap	1975.48	+0.1	1973.79	1671.61	1670.52	1775.01	3.27	1.68	22.84	50.04	1567.24
FT-SE SmallCap ex Inv Trusts	1960.87	+0.1	1959.07	1956.74	1954.52	1746.74	3.48	1.75	20.53	52.35	1583.36
FT-SE-A ALL-SHARE	1750.75	+0.1	1749.84	1741.28	1738.89	1489.09	3.61	2.00	16.41	56.00	1440.24

■ FT-SE Actuaries All-Share

	Oct 5	Day's chge%	Oct 4	Oct 3	Oct 2	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(23)	2990.10	+0.3	2980.46	2955.74	2947.12	2652.98	3.77	2.09	15.88	99.12	1250.68
12 Extractive Industries(7)	4230.98	-1.1	4278.77	4268.74	4283.35	3917.05	3.46	2.51	14.23	104.39	1201.71
15 Oil, Integrated(3)	2975.06	+0.6	2950.98	2921.48	2906.33	2594.07	3.95	2.04	15.54	106.40	1275.97
16 Oil Exploration & Prod(13)	1956.62	-1.4	1984.39	1975.06	1971.62	1888.56	2.57	1.46	32.62	49.88	1161.39
20 GEN INDUSTRIALS(278)	1986.72	-0.3	2003.90	1993.29	1987.83	1845.08	4.12	1.81	16.81	66.90	1064.75
21 Building & Construction(38)	932.02	+0.2	929.68	926.55	923.59	1016.43	4.36	1.86	15.45	32.20	761.31
22 Building Matls & Merchs(31)	1757.63	-0.1	1759.22	1743.61	1740.37	1767.21	4.20	2.01	14.77	55.67	863.95
23 Chemicals(23)	2481.31	.....	2480.12	2447.34	2418.10	2285.26	3.88	1.83	17.63	79.34	1147.55
24 Diversified Industrials(20)	1771.07	-0.6	1781.11	1775.95	1783.25	1784.11	5.60	1.58	14.16	87.14	962.31
25 Electronic & Elect Equip(35)	[illegible]										
26 Engineering(69)	[illegible]										
27 Engineering, Vehicles(13)	[illegible]										
28 Paper, Pckg & Printing(27)	[illegible]										
29 Textiles & Apparel(21)	[illegible]										
30 CONSUMER GOODS(92)	[illegible]										
31 Breweries(18)	[illegible]										
32 Spirits, Wines & Ciders(10)	[illegible]										
33 Food Producers(24)	[illegible]										
34 Household Goods(11)	[illegible]										
36 Health Care(17)	[illegible]										
37 Pharmaceuticals(11)	[illegible]										
38 Tobacco(1)	[illegible]										
40 SERVICES(229)	[illegible]										
41 Distributors(30)	[illegible]										
42 Leisure & Hotels(29)	[illegible]										
43 Media(43)	[illegible]										
44 Retailers, Food(16)	[illegible]										
45 Retailers, General(44)	[illegible]										
48 Support Services(37)	[illegible]										
49 Transport(20)	[illegible]										
51 Other Services & Business(7)	[illegible]										
60 UTILITIES(37)	[illegible]										
62 Electricity(16)	[illegible]										
64 Gas Distribution(2)	[illegible]										
66 Telecommunications(7)	[illegible]										
68 Water(13)	[illegible]										
69 NON-FINANCIALS(656)	[illegible]										
70 FINANCIALS(113)	[illegible]										
71 Banks, Retail(9)	[illegible]										
72 Banks, Merchant(6)	[illegible]										
73 Insurance(25)	[illegible]										
74 Life Assurance(6)	[illegible]										
75 Other Financial(22)	[illegible]										
77 Property(43)	[illegible]										
80 INVESTMENT TRUSTS(124)	[illegible]										
89 FT-SE-A ALL-SHARE(893)	1750.75	[illegible]									
FT-SE-A Fledgling	[illegible]										
FT-SE-A Fledgling ex Inv Trusts	[illegible]										

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	[illegible]										
FT-SE Mid 250	[illegible]										
FT-SE-A 350	[illegible]										

[illegible]

■ FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	[illegible]											
Pharmaceuticals	[illegible]											
Water	[illegible]											
Banks, Retail	[illegible]											

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. [illegible]

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
3i†	302	411	
ASDA Group†	11,000	105½	+½
Abbey National†	5,300	554	-2
Albert Fisher	213	63	
Allied Domecq†	5,100	526	-6
Anglian Water	134	598	+6
Argos	133	500	
Argyll Group†	4,800	346	+1½
Arjo Wiggins†	1,400	252	
Assoc. Brit. Foods†	72	693	+1
Assoc. Brit. Ports	297	315	-2
BAA†	5,800	496	-8
BAT Inds.†	6,000	544½	+½
BET	1,700	131	-½
BICC	1,300	293	-2
BOC†	539	830	+3
BP†	4,400	485	+4½
BPB Inds.	661	314	-2
BSkyB†	7,800	388½	-11
BT†	6,600	400½	-1
BTR†	7,100	323	-5
Bank of Scotland†	8,500	240	
Barclays†	2,400	751	+2
Bass†	3,100	655	
Blue Circle†	795	312	-1
Booker	664	381	-9
Boots†	568	585	-8
Brit. Aerospace†	1,500	752	+3
British Airways†	5,800	469½	-1½
British Gas†	4,200	266	-½
British Land	1,400	412	-4
British Steel†	13,000	175¼	-5¾
Bunzl	1,500	209	-1
Burmah Castrol†	275	996	+4
Burton	6,000	107½	-1
Cable & Wire†	3,000	422	
Cadbury Schweppes†	5,700	499	+7
Caradon	623	215	+2
Carlton Comms.†	856	1016	-7
Coats Viyella	1,200	206	+1
Comm. Union†	5,000	594	+5
Compass	714	445	
Cookson†	299	281	-1
Courtaulds†	1,000	409	-6
Dalgety	555	445	-3
De La Rue†	177	930	+6
Dixons	2,600	370	-½
East Midland Elect.	998	894	-8
Electrocomps	1,500	330	+1
Eng China Clays	156	365	-1
Enterprise Oil†	7,000	347	-10
Eurotunnel Units	931	92	-3
FKI	721	167½	
Fisons†	212,000	263½	+4½
Foreign & Col. I.T.	291	148	+1
Forte†	1,200	244	
Gen. Accident†	1,300	632	+14
General Elect.†	5,200	330	
Glaxo Wellcome†	7,000	777	+5
Glynwed	2,200	368	+1
Granada†	3,300	652	-2
Grand Met.†	4,400	433½	-2½
GUS†	2,400	593	-10
GRE†	1,300	224	+2
GKN†	714	810	-9
Guinness†	3,800	518	-6
HSBC (75p shr)†	3,500	932	-½
Hammerson	98	356	
Hanson†	17,000	200	-¼
Harrisons Crosfield	1,100	156½	+1½
Hays	311	350	+2
Hillsdown	1,300	177	+1
IMI	2,500	334	+½
ICI†	1,000	833	-1
Inchcape†	1,500	322½	+2½
Johnson Matthey	242	581	-3
Kingfisher†	2,200	508	+1
Kwik Save	14	692	-1
Ladbroke†	1,200	166½	-1½
Land Securities†	664	613	+½
Laporte	47	634	+5
Legal & General†	2,100	616½	+15½
Lloyds Abbey	857	456	+13
Lloyds Bank†	2,200	705	+5
LASMO†	4,400	164	-3
London Elect.	342	903	-8
Lonrho	3,700	166	+1

[illegible]

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WORLD STOCK MARKETS

EUROPE

AUSTRIA (Oct 5 / Sch)

BELGIUM/LUXEMBOURG (Oct 5 / Frs.)

CZECH REP (Oct 5 / Koruna)

DENMARK (Oct 5 / Kr)

FINLAND (Oct 5 / Mka)

FRANCE (Oct 5 / Frs.)

GERMANY (Oct 5 / Dm.)

GREECE (Oct 5 / Drachma)

ITALY (Oct 5 / Lire)

NORWAY (Oct 5 / Kroner)

POLAND (Oct 5 / Zloty)

PORTUGAL (Oct 4 / Escudo)

SPAIN (Oct 5 / Pts.)

NETHERLANDS (Oct 5 / Fls.)

SWEDEN (Oct 5 / Kronor)

SWITZERLAND (Oct 5 / Frs.)

TURKEY (Oct 5 / Tk Lira)

PACIFIC

JAPAN (Oct 5 / Yen)

HONG KONG (Oct 5 / H.K.$)

INDONESIA (Oct 5 / Rupiah)

MALAYSIA (Oct 5 / MYR)

NEW ZEALAND (Oct 5 / NZ $)

SINGAPORE (Oct 5 / S$)

SOUTH KOREA (Oct 5 / Won)

AUSTRALIA (Oct 5 / Aus$)

TAIWAN (Oct 5 / TW $)

THAILAND (Oct 5 / Baht)

NORTH AMERICA

CANADA

TORONTO (Oct 5 / Can $)

4 pm close

MONTREAL (Oct 5 / Can $)

4 pm close

AFRICA

SOUTH AFRICA (Oct 5 / Rand)

INDICES

	Oct 5	Oct 4	Oct 3	1995 High	1995 Low
Argentina					
General (29/12/77)	(u)	14040.29	13983.60	16531.10 2/1	9831.09 9/3
Australia					
All Ordinaries(1/1/80)	2102.7	2103.4	2132.0	2166.00 18/9	1823.30 8/2
All Mining(1/1/80)	956.6	959.2	976.0	1029.50 7/8	795.30 8/2
Austria					
Credit Aktien(30/12/84)	357.45	356.78	357.18	395.42 2/1	330.32 30/3
Traded Index(2/1/91)	977.53	972.77	969.21	1056.31 2/1	934.83 30/3
Belgium					
BEL20 (1/1/91)	1441.81	1450.67	1461.94	1491.39 2/8	1271.53 9/3
Brazil					
Bovespa (29/12/83)	(u)	44263.0	45042.0	49612.00 19/9	4531.88 9/9
Canada					
Metals Minls♦(1975)	(u)	4609.52	4671.68	5252.77 21/6	3806.53 1/3
Composite♦ (1975)	(u)	4492.80	4458.50	4710.30 12/7	3981.41 30/1
Portfolio§§ (4/1/83)	(u)	2190.88	2191.85	2307.81 12/7	1953.36 30/1
Chile					
IPSA Gen♥(31/12/80)	(u)	5794.4	5795.5	6363.10 11/7	4576.90 9/3
Denmark					
CopenhagenSE(3/1/83)	362.77	363.50	362.24	375.44 25/8	330.01 29/3
Finland					
HEX General(28/12/90)	2099.55	2121.11	2140.59	2332.22 14/9	1555.30 29/3
France					
SBF 250 (31/12/90)	1206.93	1208.66	1207.72	1322.30 12/5	1154.41 13/3
CAC 40(31/12/87)	1800.32	1803.87	1800.70	2017.27 12/5	1721.80 13/3
Germany					
FAZ Aktien(31/12/58)	808.47	812.10	(c)	846.76 19/9	708.87 30/3
Commerzbank(1/12/53)	2329.7	2330.6	(c)	2427.60 19/9	2018.79 30/3
DAX (30/12/87)‡	2208.82	2217.76	(c)	2317.81 15/9	1910.96 28/3
Greece					
Athens SE(31/12/80)	908.24	921.28	924.75	992.59 4/8	787.15 18/3
Hong Kong					
Hang Seng(31/7/64)	9888.04	9939.95	9805.46	9839.95 4/10	6967.93 23/1
India					
BSE Sens.♥(1979)	3555.45	3531.49	(c)	3832.09 2/1	3016.07 2/5
Indonesia					
Jakarta Comp.(10/8/82)	495.01	492.65	487.80	519.18 11/8	414.21 19/4
Ireland					
ISEQ Overall(4/1/88)	2135.90	2142.33	2142.76	2178.73 15/8	1813.59 23/1
Italy					
Banca Comm Ital (1972)	614.00	613.72	612.36	680.54 10/2	587.59 23/3
MIB General (2/1/95)	970.0	969.0	967.0	1076.00 10/2	920.00 23/3
Japan					
Nikkei 225 (16/5/49)	18220.41	18145.08	18142.99	19684.04 4/1	14485.41 3/7
Nikkei 300 (1/10/82)	273.72	272.56	271.12	288.18 4/1	222.28 13/6
Topix (4/1/68)	1456.33	1451.89	1444.46	1553.40 4/1	1193.16 13/6
2nd Section (4/1/68)	1888.89	1886.25†	1874.25	2130.88 4/1	1441.88 13/6
Malaysia					
KLSE Comp.(4/4/86)	985.62	988.32	977.24	1085.04 5/6	840.87 24/1
Mexico					
IPC (Nov 1978)	(u)	2267.13	2277.06	2622.21 9/9	1447.52 27/2
Netherland					
CBS TRtnGenEnd 83)	504.6	504.4	503.2	511.50 19/9	422.90 23/3
CBS All Shr (End 83)	305.9	305.7	305.0	311.10 15/9	265.28 23/3
New Zealand					
Cap. 40 (1/7/86)	2093.88	2102.31	2116.59	2155.79 18/5	1901.43 5/1
Norway					
Oslo SE(Ind)(2/1/83)	1251.30	1258.70	1264.36	1291.58 19/9	1036.00 10/3
Philippines					
Manila Comp (2/1/85)	2618.23	2563.33	2617.68	2958.12 10/7	2248.39 27/3
Portugal					
BTA (1977)	(c)	2641.8	2629.9	2911.80 9/1	2580.70 25/9
Singapore					
SES All-S'pore(2/4/75)	520.73	518.48	517.85	535.08 5/1	472.80 23/1
South Africa					
JSE Gold (28/9/78)	1504.5♥	1494.9	1488.8	2023.00 2/1	1317.20 19/5
JSE Indl. (28/9/78)	7175.1♥	7105.8	7098.5	7175.10 5/10	6222.00 31/1
South Korea					
KoreaCompEx(4/1/80)**	989.05	982.89	(c)	1027.37 2/1	847.09 27/5
Spain					
Madrid SE (30/12/85)	301.85	302.82	302.48	318.98 13/9	283.30 26/6
Sweden					
AffarsvardsGen (1/2/37)	1796.3	1815.6	1824.5	1872.10 19/9	1439.80 29/3
Switzerland					
Swiss Bk Ind (31/12/58)	1409.8	1410.01	1415.87	1423.67 19/9	1174.83 13/3
SBC General (1/4/87)	1051.18	1050.91	1055.64	1055.64 3/10	870.58 13/3
Taiwan					
WeightedPr.(30/6/66)**	5100.47	5086.45	5035.79	7051.49 5/1	4503.37 14/8
Thailand					
Bangkok SET (30/4/75)	1314.81	1312.94	1296.32	1472.04 10/7	1135.89 16/3
Turkey					
Istanbul Cmp.(Jan 1986)	45418.2	44351.3	43246.0	54853.90 21/4	24844.31 23/1
WORLD					
MS Capital Int (1/1/70)§	700.9*	700.1	698.5	703.80 29/9	599.21 23/1
CROSS-BORDER					
Eurotrack 100(26/10/90)	1422.43	1422.98	1421.48	1480.69 15/9	1222.41 13/3
Euro Top-100 (26/6/90)	1288.86	1287.29	1287.34	1316.68 15/9	1117.24 9/3
JCapelDrgns (31/12/89)	(u)	338.71	333.44	349.47 14/7	282.87 23/1
Barings Emerg.(7/1/92)	145.52	145.62	145.25	158.07 2/1	117.15 10/3

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
CAC-40 (200 x Index)							
Oct	1808.0	1803.0	-11.0	1817.0	1797.0	16,887	28,456
Nov	1815.5	1811.5	-11.0	1822.0	1815.5	23	2,742
DAX							
Dec	2225.8	2205.0	-21.0	2230.0	2201.0	15,873	73,482
Mar	2242.8	2225.5	-23.5	2248.5	2222.5	26	1,930
OMX							
Oct	1434.00	1422.00	-35.00	1443.00	1420.00	6,622	16,941
Nov	1448.25	1430.00	-19.75	1448.25	1430.00	240	1,290
SOFFEX							
Oct	3036.0	3039.0	-	3055.9	3036.0	4,402	18,138
Nov	3046.0	3045.0	+24.0	3060.8	3046.0	24	292

** Sat Sep 30: Taiwan Weighted Price 5033.06; Korea Comp Ex 982.65. Base values of all indices are 100 except Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall, Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7, JSE 20 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS-DAX after-hours index: Oct 4 - 2201.54 -20.05.

US INDICES

Dow Jones	Oct 4	Oct 3	Oct 2	1995 High	1995 Low	Since compilation High	Since compilation Low
Industrials	4740.67	4749.70	4761.26	4801.80 (14/9)	3832.08 (30/1)	4801.80 (14/9/95)	41.22 (2/7/32)
Home Bonds	103.57	103.46†	103.15	108.75 (13/7)	93.63 (3/1)	108.77 (18/10/93)	54.99 (1/10/81)
Transport	1906.53	1925.23	1954.02	2000.39 (18/9)	1473.19 (3/1)	2000.39 (18/9/95)	12.32 (8/7/32)
Utilities	216.25	216.58	215.40	216.68 (3/10)	183.03 (3/1)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 4787.27 (4791.61) Low 4689.01 (4702.74) (Theoretical♦)
Day's high 4749.70 (4767.04) Low 4726.94 (4718.10) (Actual♦)

Standard and Poors	Oct 4	Oct 3	Oct 2	1995 High	1995 Low	Since compilation High	Since compilation Low
Composite ‡	581.47	582.34	581.72	586.77 (20/9)	459.11 (3/1)	586.77 (20/9/95)	4.40 (1/6/32)
Industrials♥	680.86	682.60	682.76	691.27 (20/9)	546.28 (3/1)	691.27 (20/9/95)	3.62 (21/6/32)
Financial	59.86	59.80	59.09	59.86 (4/10)	41.64 (3/1)	59.86 (4/10/95)	8.64 (1/10/74)
NYSE Comp.	311.74	312.09	312.06	314.33 (20/9)	250.73 (3/1)	314.33 (20/9/95)	4.46 (25/4/42)
Amex Mkt Val	532.10	536.70	540.60	553.58 (12/9)	433.12 (5/1)	553.58 (12/9/95)	29.31 (9/12/72)
NASDAQ Cmp	1002.27	1020.45	1027.59	1067.40 (13/9)	743.58 (3/1)	1067.40 (13/9/95)	54.87 (31/10/72)

RATIOS

	Sep 29	Sep 22	Sep 15	Year ago
Dow Jones Ind. Div. Yield	2.42	2.42	2.40	2.76
	Oct 4	Sep 27	Sep 20	Year ago
S & P Ind. Div. yield	2.06	2.07	2.05	2.49
S & P Ind. P/E ratio	17.87	17.94	18.14	20.33

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Micron	5,703,700	71¼	-3⅞
Merck	4,822,200	59¾	+1⅜
LSI Logic	3,659,900	49⅝	-6¼
Natl Semi	3,608,900	24⅞	-1⅞
PepsiCo	3,411,500	53⅛	+1⅞
Silcn Graph	3,392,900	30⅝	-1⅛
Telefonos	3,277,500	29⅛	-⅛
Motorola	3,253,000	71⅜	-3⅛
Texas Inst	3,037,700	73¼	-5⅛
Br Gas	2,605,500	42	+¼

TRADING ACTIVITY

● Volume (million)

	Oct 4	Oct 3	Oct 2
New York SE	339.360	385.892	304.898
Amex	12.980	16.895	16.398
NASDAQ	392.675	467.494	403.608
NYSE			
Issues Traded	3,002	3,023	3,016
Rises	86	917	939
Falls	1,361	1,328	1,338
Unchanged	795	778	738
New Highs	103	102	122
New Lows	42	47	28

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
S&P 500							
Dec	584.95	585.05	+0.15	586.10	583.85	51,951	183,171
Mar	589.40	589.80	+0.35	590.75	588.60	107	7,329
Nikkei 225							
Dec	18170.0	18250.0	+70.00	18290.0	18070.0	16,675	151,315
Mar	18230.0	18230.0	-30.00	18230.0	18230.0	400	4,362

Open interest figures for previous day.

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

TOKYO - MOST ACTIVE STOCKS: Thursday, October 5, 1995.

	Stocks Traded	Closing Prices	Change on day
Mitsubishi Hvy	13.8m	797	+13
Nippon Steel	7.3m	355	+4
NKK Corp	4.3m	265	-2
Fujitsu	4.2m	1,240	+20
Kawasaki Steel	4.0m	360	+4
Hitachi Zosen	3.9m	513	+4
Nip Hsg Loan	3.7m	30	+2
Oki Elect Ind	3.7m	952	+17
Kawasaki Hvy Ind	3.3m	438	+10
Tosoh Corp	3.3m	460	+5

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1995, except Toronto & Montreal (Daily). # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Priced in US $.

4 pm close October 5

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

[illegible]

- B -

[illegible]

- C -

[illegible]

- D -

[illegible]

- E -

[illegible]

- F -

[illegible]

- G -

[illegible]

- H -

[illegible]

- I -

[illegible]

- J -

[illegible]

- K -

[illegible]

- L -

[illegible]

- M -

[illegible]

- N -

[illegible]

- O -

[illegible]

- P - Q -

[illegible]

- R -

[illegible]

- S -

[illegible]

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NYSE C

AMEX CO

Have your FT

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4 pm close October 5

NYSE COMPOSITE PRICES

1995 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev Close
Continued from previous page										
30⅜	24¼	SaraLee	0.66	2.3	16	4696	30⅛	29¾	29⅞	-¼
55⅛	39⅝	SBC Cm	1.65	3.0	19	4391	54½	53⅞	54⅜	-½
24½	20½	Scana Corp	1.44	5.9	17	782	u24½	24⅜	24½	+⅛
18	14½	Scecorp	1.06	5.8	10	40229	17¼	17	17¼	+⅛
11¼	7	SchawkA	0.26	3.5	13	6	7½	7⅜	7⅜	
50⅛	37¼	SchenzRP			24	3603	46¼	44½	46¼	+1½
54⅝	35½	SchrPl	1.19	2.2	20	13598	54⅛	52⅝	53⅝	-1
69⅝	50⅛	Schlmb	1.50	2.3	26	5736	67⅛	66⅜	66½	
29	11¼	Schwab(C)	0.19	0.6	30	3479	25⅞	25¼	25¾	+⅛
24⅞	15¾	SciAtl	0.06	0.4	18	3147	15¾	d15	15	-½
20	15⅛	Scotsman x	0.16	0.8	16	45	16⅛	16⅛	16⅛	
51⅞	33½	ScottP	0.40	0.9	17	5124	49¼	48⅛	49	+¾
35¾	26⅞	Scripps	0.52	1.5	23	585	35	34⅝	35	+⅜
21½	14⅞	ScuddrNAsF	0.02	0.1		98	15¼	15	15¼	+¼
11⅞	8⅞	ScuddrNEuF	0.16	1.5		100	10¾	10⅝	10⅝	
20	13⅞	SeaCnB	0.70	3.6	2	115	19½	19¼	19½	
16	14⅝	SeaCl.4625	1.46	9.4		2	15½	15½	15½	
49⅞	23⅝	S'gate			11	14782	41	38⅝	40½	+1⅝
38⅛	25⅝	Seagrm	0.60	1.6	25	1616	36⅝	36¼	36⅝	
22½	15¼	Seagull En			12	750	19½	19	19¼	-⅛
28¼	18	Sealed Air			23	494	27⅞	26	26⅛	-1⅞
37⅝	30⅞	SearsR	0.92	2.5	6	19035	36¾	35⅛	36¾	+1⅞
19¼	16⅞	SecCapSGI	1.15	6.3	22	692	18½	18¼	18¼	-¼
12⅞	10⅛	Seligm Sel	0.84	7.0		53	12	11⅞	12	
[illegible]										
52½	42¾	Xtra Corp	0.64	1.5	12	516	43⅞	d42¾	43⅝	+½
22⅞	19½	Yankee Egy	1.26	5.9	13	52	21½	21½	21½	-⅛
48½	34⅛	York Int	0.24	0.6	16	2093	42¼	41	42¼	+1¼
4½	2½	Zapata	0.14	3.3	9	85	4⅜	4¼	4¼	-⅛
12⅞	6⅞	ZenithEl			8	1080	8¾	8½	8⅝	
24⅞	19⅞	Zenith Nat	1.06	4.2	12	17	24¼	23¾	23¾	-½
6⅞	6⅛	Zenix Inc x	0.72	10.9		43	6¾	6⅝	6⅝	-⅛
16⅞	12⅝	Zero	0.44	2.8	16	82	16	15¾	16	+¼
26	18⅞	Zurn Ind	0.40	1.6	25	717	25⅛	24¾	25⅛	+⅛
11½	10¼	Zweig Fund	1.12	10.1		288	11½	10⅞	11⅝	+⅛
9	7⅞	Zweig Totl	0.84	8.7		115	8⅝	8½	8⅝	

Price data supplied by Telekurs

Yearly highs and lows for NYSE reflect the period from Jan 1 1995. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.
d-new yearly low. P/E price-earnings ratio. a/s-sales. u-new yearly high. x-ex-dividend or ex-rights. yld-yield. z-sales in full.
¢ Dealings suspended.

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AMEX COMPOSITE PRICES

4 pm close October 5

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							
NY TmA	0.56	12	6416	27⅝	27¼	27⅜	+⅛
NumacE		10	5	4¾	4¾	4¾	
HanDir		54	1042	1 13/16	d1 7/8	1⅜	-⅛
Xytronix		3	47	2⅜	2¼	2⅜	

NASDAQ NATIONAL MARKET

4 pm close October 5

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
[illegible]							

FINANCIAL TIMES
Friday October 6 1995

AMERICA

Nasdaq stable after eight bumpy sessions

Wall Street

US shares were flat in early trading yesterday with technology shares posting modest gains to put an end to the sharp losses seen so far this week, *writes Lisa Bransten in New York*.

At 1 pm the technology-rich Nasdaq composite was 1.17 points higher at 1,003.44 after eight bumpy sessions that had brought the index down by nearly 5 per cent by Wednesday.

The Pacific Stock Exchange technology index added 0.5 per cent.

Bellwether technology issues, however, were mixed. Microsoft shed $¾ at $85⅝. Hewlett-Packard was $1 lower at $79⅞ and IBM gave up $⅛ at $93⅞.

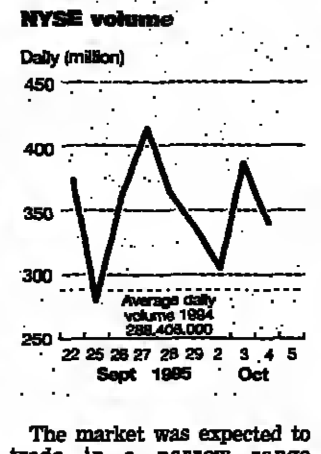
Meanwhile, Intel added $1 1/16 at $59⅞ and America Online gained $1¼ at $41½.

Semiconductor shares, which staged a sharp sell-off on Wednesday, added to those losses yesterday.

LSI Logic, which shed 12 per cent or $6¾ on Wednesday slipped another $¾ bringing the shares to $49, while National Semiconductor, which had fallen by $1⅞ on Wednesday, was unchanged at $24⅞.

The Dow Jones Industrial Average slipped 2.17 to 4,738.50, while the Standard & Poor's 500 shed 1.82 to 579.65 and the American Stock Exchange composite lost 2.00 at 530.10. Volume on the NYSE came to 207m shares.

NYSE volume



The market was expected to trade in a narrow range throughout the rest of the session as traders and investors awaited the release of today's statistics on September employment levels.

Kmart shares slid 5.6 per cent or $¾ to $12¾ after the retailer said it expected third-quarter results to be "well below last year's earnings performance of 4 cents for the quarter."

AnnTaylor lost 11.3 per cent or $1⅞ at $14¾ after announcing that it had made a 10 per cent drop in same-store sales in September.

Corning shed 6.3 per cent or $1⅞ at $25⅞ after the company warned that third quarter earnings would be about 30 per cent lower than the 51 cents a share it had posted in the same period last year. This was because of a pre-tax charge of $62m which was taken to increase reserves at its Corning Clinical Labs division.

Canada

Toronto was mixed in midday trade as investors sought stocks to see them safely through the traditionally volatile month of October.

The TSE-300 composite index fell 4.84 at noon to 4,487.78 in volume of 28.8m shares.

Banks eased after their recently positive performance but utilities and pipelines were among weak sectors.

Canadian Pioneer Energy picked up 5 cents to 36.5 cents in active trade.

High technology issues were mixed.

Corel fell C$⅜ to C$21⅝ while Gandalf Technologies rose C$⅛ to C$8.

Falling stocks included the satellite antenna maker, Tee-Comm Electronics, which lost C$⅞ to C$17⅛.

Among rising issues, Formation Capital, the mineral developer, picked up C$⅜ to C$9⅞.

Mexico up on Ortiz comments

Mexico City was encouraged by the initial remarks from Mr Guillermo Ortiz, the finance minister, at a news conference called to report on the state of the economy. By midsession the IPC index was 57.06 firmer at 2,324.19.

SAO PAULO trimmed early gains to stand 1 per cent higher in light midday trading. The Bovespa index was up 473 at 44,736 by 1 pm. Turnover was thin at R$134.6m ($140.5m).

Telebras preferred, which accounted for 65.8 per cent of the market's volume rose 1.5 per cent to R$43.25. BUENOS AIRES was cheered by the results of a new public debt buyback tender.

The Merval index was up 4.87 or 1.1 per cent at 437.36 by noon.

Industrials lead S Africa upturn

Futures-related buying and strong institutional demand took Johannesburg sharply higher.

Industrials led the upturn with golds capped in line with bullion's failure to break through resistance at $384 an ounce.

The overall index rose 43.1 to 5,706.3, industrials added 69.5 to 7,175.1 and golds firmed 9.6 to 1,504.5.

South African Breweries, the industrial flagship, added R1.60 to R116.35, De Beers gained 35 cents to R102.35, while the Swiss-based luxury goods and tobacco group, Richemont, gained 50 cents to R47.25.

EUROPE

Tech stocks swing on US rollercoaster

Wednesday's US sell-off in semiconductor-related and high tech stocks impacted directly on big European names like Ericsson, Nokia, SAP and Philips, *writes Our Markets Staff*, reinforcing the question marks against prospects for Stockholm, and Helsinki in particular after their outperformance in the first nine months of this year.

Nokia A bottomed at FM268 before closing FM9 lower at FM276. Ericsson B closed SKr5.50 off at SKr153.50 after a low of SKr150. The two big telecoms stocks had risen by 20 per cent, and 23 per cent respectively in the third quarter after gains of 59 per cent, and 25 per cent in April/June.

Mr François Langlade-Demoyen, European strategist at CS First Boston, said that the current high tech weakness was a "necessary consolidation": he maintained his preference for growth stocks in the present, sluggish European economic climate, and for peripheral markets like Sweden, Finland and Italy which, he said, combined improving economic fundaments with sustained earnings growth.

PARIS managed to sustain itself above the 1,800 level, but only just and the CAC-40 index finished off 3.55 at 1,800.32, after a low of 1,788.49. Turnover was FFr3.7bn.

Lehman Brothers said yesterday that it had raised its exposure to France, mainly because of the equity market's underperformance against other continental bourses so far this year. Mr Ian Scott and Mr Joe Rooney said that they did not go along with a general feeling among investors that there was little scope for short-term rates to be lowered.

Axa, which released its interims and said that it expected full year results to be "significantly" higher than the previous year, rose FFr3.90 to FFr273.50. Still in insurers, UAP, which released its half-year figures on Wednesday, dipped FFr4.30 to FFr115; a number of brokers said that they were downgrading their 1995 estimates, while one US house was understood to have cut its recommendation on the stock from "neutral" to "underperformer".

Meanwhile, Alcatel-Alsthom lost FFr17.50 to FFr437.40, although the chairman re-iterated that he expected the company to make a return to profit next year, following the extensive restructuring programme now underway.

Eurotunnel lost 15 centimes to FFr7.50 ahead of today's interims which will be closely scrutinised, with analysts expecting a net loss of about FFr3.5bn.

FRANKFURT was led lower by SAP preferred, DM5.50 lower at DM226 as the Dax index fell 20.06 to an Ibis-indicated 2,191.54. However, the software group's introduction to the Dax 30 last month had brought it even better gains than Nokia and Ericsson, with a rise of 33.5 per cent in July/September.

Turnover fell from DM5.4bn to DM4.5bn. Coincident weakness in the dollar and bunds was no aid to sentiment. Continental, the tyremaker, closed only 1 pfg higher at DM20.61 after responding earlier to a forecast of higher profits for 1995.

MILAN balanced further weakness in Fiat against positive news on the political front and the Comit index finished 0.28 ahead at 614.00.

Fiat, which tumbled 4.3 per cent on Wednesday after what was reported in Milan to have been a very downbeat presentation to analysts in London, fell another L43 to L5,608.

James Capel, which had upgraded the stock to a buy after the half year results last week, commented that Fiat appeared to be adopting a cautious approach to the second half of the year at the London meeting. However, that stance was likely to prove too conservative and the broker advised clients to regard weakness in the stock price as an opportunity to buy.

Gemina picked up L14 to L735 after the announcement late on Wednesday that it planned to announce share swap rates for the merger with Ferruzzi between October 15 and 20.

ZURICH again found the 3,055 level of the SMI index unsustainable and the measure turned back from a high of 3,056.1 to finish just 0.1 ahead at 3,036.6.

Baloise, a medium size insurer, lost SFr20 to SFr2,560 after its announcement of a 16 per cent rise in first half profits failed to live up to some expectations.

AMSTERDAM retreated as switching between the defensive stocks and cyclicals was noted by brokers. The AEX index lost 1.24 to 462.68.

Philips was hit by the global sell-off in high technology manufacturers, losing Fl 1.30 to Fl 74. Hoogovens, the steel maker, slipped 60 cents to Fl 61 on a downgrade and in chemicals DSM fell Fl 1.20 to Fl 126.50.

STOCKHOLM had more than Ericsson to worry about. Higher bond yields helped the Affärsvärlden General index fall 19.3 to 1,796.3.

In addition to the telecoms giant, the blue chip slide engulfed Astra, the pharmaceuticals group, down SKr4.50 at SKr248, Volvo B, off SKr2 at SKr161.50, and the engineering sector which fell 1.6 per cent.

Written and edited by William Cochrane, Michael Morgan and John Pitt

FT-SE Actuaries Share Indices

THE EUROPEAN SERIES

Oct 5 Hourly changes	Open	11.30	12.00	12.30	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1420.68	1424.05	1423.96	1423.71	1423.13	1421.64	1421.27	1422.43
FT-SE Eurotrack 200	1530.56	1533.36	1535.80	1535.21	1534.81	1535.73	1537.80	1541.57

	Oct 4	Oct 3	Oct 2	Sep 29	Sep 28
FT-SE Eurotrack 100	1422.96	1421.48	1423.05	1412.87	1405.44
FT-SE Eurotrack 200	1528.03	1526.91	1524.47	1513.66	1502.32

Base 1000 (26/10/90); High/day: 100 - 1424.98; 200 - 1541.57 Low/day: 100 - 1419.96 200 - 1530.28 † Partial

ASIA PACIFIC

Bombay stronger after badla ban is lifted

India's securities and exchange board said yesterday that it would allow a revised system of carry-forward trade, lifting a ban it had imposed nearly two years ago, *writes Shiraz Sidhva in Bombay*.

The government's stock market watchdog has virtually accepted all the recommendations made by a government committee set up to review the revised system of carry-forward transactions. The Bombay stock exchange had now accepted capital adequacy norms, which would enable the SEBI to accept a daily margin requirement of 15 per cent for forward trades. However, in the case of volatile shares, the margin requirement could be increased to 100 per cent.

Brokers welcomed the news, saying that trading volumes were down by over 50 per cent since the ban. "We expect tremendous gains with the index rising above the 6,000 level in the next year," said Mr Ravi Jain, a broker with S.S.Kantilal Ishwarlal Securities.

The BSE index initially soared above the 3,600 level, but the early gains were later trimmed, and the market closed up 31.32 at 3,562.81.

The SEBI banned forward transactions in 1993, and last year imposed a ban on renewals in cash scrips to curb speculation.

Under the *badla* or ready forward system, practised traditionally on the country's bourses, brokers and buyers could carry forward outstanding purchases from one settlement period to the next without paying for them in full, and so acquired large volumes of shares with relatively little money.

Tokyo

Small-lot restrained share prices to a modest increase, *writes Robert Patton in Tokyo*, with the gains primarily in large capital stocks and shipbuilders in particular.

The Nikkei 225 average rose 75.33 to 18,220.41. The market was light, volume falling from 370m shares to an estimated 260m.

Renewed weakness in the dollar and falling New York stocks late on Wednesday combined to discourage investors. After opening slightly lower, the Nikkei moved narrowly between a high of 18,100.64 and a low of 18,267.04. A renewed spurt of interest in shipbuilders triggered a 100-point surge in the afternoon, but profit-taking absorbed a good part of the rise.

The Topix index of all first section stocks put on 4.34 to 1,456.33. Declines outpaced advances by 516 to 516 with 185 unchanged. the capital weighted Nikkei 300 rose 1.16 to 273.72 and, in London, the ISE/Nikkei 50 index fell 1.61 to 1,244.18.

Shipbuilders gained 1.6 per cent. The day's most active stock, Mitsubishi Heavy Industries, rose Y13 to Y797. Kawasaki Heavy Industries put on Y10 to Y436, Ishikawajima-Harima Heavy Industries Y7 to Y437, Mitsui Engineering and Shipbuilding Y5 to Y348, and Hitachi Zosen Y4 to Y513. Once again, foreign investors and domestic institutions were the principal buyers.

Interest spilled over into large capital electronics stocks in the afternoon with several posting strong gains. TDK advanced Y140 to Y5,230, Matsushita Electric Industrial Y20 to Y1,5609, NEC Y10 to Y1,410 and Oki Electric Industry Y17 to Y852 while Fujitsu increased Y10 to Y1,410. But Fanuc, which reached a high water mark for the year on Wednesday, sank Y40 to Y4,760.

In Osaka, the OSE average inched up 14.3 to 19,629.05 in volume of 45.8m shares.

Roundup

Equities recovered strongly in MANILA, having been in decline for the previous 13 sessions. The composite index rose 48.90, or 1.9 per cent to 2,618.23 in 2.9bn shares.

The market regained the losses it had suffered in reaction to the September inflation data which had been released on Wednesday. But brokers warned that the gains had been mostly technical, and most investors remained wary about interest rates and outlook for oil prices.

TAIPEI lost some of the day's gains on a late bout of profit-taking but the weighted index remained in positive territory with a rise of 14.02 to 5,100.47. Turnover was T$39bn.

Textiles and constructions, fell by 0.7 per cent and 0.3 per cent respectively.

HONG KONG took profits after four days of gains, the Hang Seng index closing 51.91 lower at 9,888.04 and turnover easing from HK$5.6bn to HK$5.34bn. The index monitoring HK-listed mainland China companies, however, was down 13.41 or 1.5 per cent at 899.71.

SINGAPORE blue chips picked up in the afternoon, the Straits Times Industrial index rising 15.84 to 2,143.56 although, said brokers, foreign-driven buy orders were partly offset by forced selling among speculative stocks.

KARACHI was hit by strike rumours, fresh violence in the city and uncertainty on the political front. The KSE index fell 15.01 to 1,649.59.

FT/S&P ACTUARIES WORLD INDICES QUARTERLY VALUATION

The market capitalisation of the national and regional markets of the FT/S&P Actuaries World Indices as at SEPTEMBER 29, 1995 are expressed below in millions of US dollars and as a percentage of the World Index. Similar figures are provided for the preceding quarter. The percentage change for each US dollar index value since the end of the calendar year is also provided.

NATIONAL AND REGIONAL MARKETS (number of lines of stock)	Market cap. as at 29/09/95 (US$m)	% of World Index	Market cap. as at 30/06/95 (US$m)	% of World Index	% chge in $ index since 31/12/94
Australia (82)	172562.9	1.60	151306.2	1.48	8.27
Austria (26)	16795.0	0.18	18304.0	0.18	-1.14
Belgium (33)	75247.7	0.70	74710.3	0.73	18.14
Brazil (28)	46365.2	0.43	39748.5	0.39	-8.62
Canada (107)	164707.2	1.53	164651.0	1.61	11.70
Denmark (33)	38435.8	0.36	37587.8	0.37	12.11
Finland (25)	42058.5	0.39	37508.6	0.37	42.97
France (100)	356932.7	3.32	366020.0	3.58	5.68
Germany (59)	389028.3	3.62	382246.8	3.74	11.29
Hong Kong (55)	190213.0	1.77	181734.8	1.78	15.11
Ireland (16)	18543.2	0.17	17543.3	0.17	20.96
Italy (58)	136679.6	1.28	133113.9	1.30	1.29
Japan (483)	2712486.3	25.22	2611495.6	25.54	-5.65
Malaysia (107)	117167.1	1.09	112300.1	1.10	3.47
Mexico (18)	40784.8	0.38	38411.3	0.38	-22.66
Netherland (19)	219881.2	2.04	208006.1	2.06	18.61
New Zealand (14)	21642.3	0.20	21605.1	0.21	11.89
Norway (33)	24879.2	0.23	24482.3	0.24	10.12
Singapore (44)	58474.6	0.54	60340.0	0.59	-0.44
South Africa (43)	127341.6	1.18	133571.3	1.31	4.43
Spain (38)	105916.3	0.98	102848.2	1.01	14.44
Sweden (48)	138801.6	1.29	115437.5	1.13	38.63
Switzerland (43)	298183.7	2.77	280776.9	2.75	30.26
Thailand (46)	21767.9	0.20	22672.8	0.22	3.09
United Kingdom (200)	1033641.3	9.61	996544.3	9.65	15.34
USA (504)	4184216.8	38.90	3901748.4	38.15	27.35
Americas (651)	4430083.8	41.25	4144598.5	40.53	25.50
Europe (734)	2897024.5	26.94	2787032.7	27.25	15.48
Nordic (139)	244174.9	2.27	215014.2	2.10	31.42
Pacific Basin (831)	3294524.1	30.63	3161358.8	30.91	-3.58
Euro-Pacific (1565)	6191548.7	57.57	5948391.5	58.17	4.44
North America (604)	4348924.0	40.44	4066409.4	39.76	26.66
Europe Ex. UK (534)	1863383.2	17.33	1800488.5	17.61	15.58
Pacific Ex. Japan (348)	582037.8	5.41	549863.2	5.38	8.41
World Ex. US (1757)	6570757.6	61.10	6324783.9	61.85	4.30
World Ex. UK (2061)	9721333.1	90.39	9238998.1	90.35	11.91
World Ex. Japan (1778)	8042478.1	74.78	7615036.7	74.46	20.02
The World Index (2261)	10754974.4	100.00	10226532.3	100.00	12.24

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by The Financial Times Ltd., Goldman, Sachs & Co. and Standard & Poor's. The Indices are compiled by The Financial Times and Goldman Sachs in conjunction with the Institute of Actuaries and the Faculty of Actuaries. NatWest Securities Ltd. was a co-founder of the Indices.

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	WED OCT 4 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	TUE OCT 3 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (82)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria (26)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium (33)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brazil (28)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada (100)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark (33)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France (100)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Germany (59)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hong Kong (55)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy (58)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan (483)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Malaysia (107)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mexico (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Netherland (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway (33)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Singapore (44)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
South Africa (43)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain (38)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden (48)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland (41)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Thailand (46)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
United Kingdom (207)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
USA (504)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Americas (650)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Europe (739)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nordic (139)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pacific Basin (832)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Euro-Pacific (1571)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
North America (604)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Europe Ex. UK (532)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pacific Ex. Japan (349)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Ex. US (1762)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Ex. UK (2059)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Ex. Japan (1783)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
The World Index (2266)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PLEASE NOTE: Amendments to indices 4/10/95 applied to Canada, related regional indices and The World Index. Latest prices were unavailable for this edition.